

3225. Also, petition of the Allied Beauticians of America, Inc., Brooklyn, N.Y., opposing the passage of the Wagner-Connelly bills; to the Committee on Labor.

3226. By Mr. THOMAS: Memorial of the Legislature of the State of New York, that the Congress of the United States be, and it is hereby, respectfully memorialized to provide funds of the Federal Government to supplement the appropriations of the State of New York for the proper river regulation and flood control of the waterways in the region of the Mohawk River and its various tributaries and in the area of the Hudson River Valley north of the Federal lock at Troy, N.Y., and enact the necessary legislation in carrying into effect such work; to the Committee on Flood Control.

3227. By the SPEAKER: Petition of the City Council of Virden, Ill., endorsing House bill 7598; to the Committee on Labor.

3228. Also, petition of the municipality of Minalabac, Province of Camarines Sur, P.I., endorsing the King Philippine independence bill; to the Committee on Insular Affairs.

3229. Also, petition of the Sociedad Panamena de Accion Internacional, relative to relations between the Panamanian people and the people of the United States; to the Committee on Foreign Affairs.

SENATE

SATURDAY, MARCH 24, 1934

(Legislative day of Tuesday, Mar. 20, 1934)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the reading of the Journal for the calendar days Wednesday, March 21, Thursday, March 22, and Friday, March 23, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Couzens	Kean	Robinson, Ind.
Ashurst	Cutting	Keyes	Russell
Austin	Davis	King	Schall
Bachman	Dickinson	Logan	Sheppard
Bailey	Dieterich	Loung	Shipstead
Bankhead	Dill	Long	Smith
Barbour	Duffy	McAdoo	Steiwer
Barkley	Erickson	McCarran	Stephens
Black	Fess	McGill	Thomas, Okla.
Bone	Fletcher	McKellar	Thomas, Utah
Borah	Frazier	McNary	Thompson
Brown	George	Murphy	Townsend
Bulkley	Gibson	Neely	Trammell
Bulow	Glass	Norris	Tydings
Byrd	Goldsborough	Nye	Vandenberg
Byrnes	Gore	O'Mahoney	Van Nuys
Capper	Hale	Overton	Wagner
Caraway	Harrison	Patterson	Walcott
Carey	Hastings	Pittman	Walsh
Clark	Hatch	Pope	Wheeler
Connally	Hayden	Reed	
Coolidge	Hebert	Reynolds	
Costigan	Johnson	Robinson, Ark.	

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from New York [Mr. COPELAND] and the Senator from Illinois [Mr. LEWIS] are necessarily detained from the Senate.

Mr. HEBERT. I wish to announce that the Senator from West Virginia [Mr. HATFIELD] is absent on account of illness, and that my colleague the senior Senator from Rhode Island [Mr. METCALF], the Senator from Maine [Mr. WHITE], and the Senator from South Dakota [Mr. NORBECK] are necessarily absent.

The VICE PRESIDENT. Eighty-nine Senators have answered to their names. A quorum is present.

EXTENSION OF TIME FOR FILING CLAIMS UNDER WAR CLAIMS ACT OF 1928

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Treasury, transmitting a draft of proposed legislation extending for 2 years the time within which American claimants may make application for payment, under the Settlement of War Claims Act of 1928, of awards of the Mixed Claims Commission and the Tripartite Claims Commission, and extending until March 10, 1936, the time within which Hungarian claimants may make application for payment, under the Settlement of War Claims Act of 1928, of awards of the War Claims Arbitrator, which, with the accompanying papers, was referred to the Committee on Finance.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate resolutions adopted by the General Court of Massachusetts, favoring the limitation of the importation of refined sugar from insular possessions of the United States and from foreign countries, so as to insure the continued existence of the sugar industry in the United States, which were referred to the Committee on Finance.

(See resolutions printed in full when presented by Mr. WALSH on the 21st instant, p. 4982, CONGRESSIONAL RECORD.)

Mr. GIBSON presented a letter embodying a resolution adopted at a meeting of Joseph Frank Lodge No. 1109, B'nai B'rith, of Burlington, Vt., signed by the officers thereof, favoring the adoption of Senate Resolution 154 (submitted by Mr. TYDINGS), opposing discriminations against Jews in Germany, which was referred to the Committee on Foreign Relations.

He also presented petitions of sundry citizens of Bennington, Vt., praying for the restoration of full pensions to Spanish-American War veterans and their dependents, which were ordered to lie on the table.

Mr. CAPPER presented petitions, numerous signed, of sundry citizens of the State of Kansas, praying for the passage of old-age pension legislation, which were referred to the Committee on Education and Labor.

He also presented resolutions adopted by the United Workers of Fredonia, Kans., favoring the passage of legislation providing for the prompt payment of the so-called "soldiers' bonus", which were referred to the Committee on Finance.

He also presented petitions, numerous signed, of sundry citizens of Parsons, Kans., praying for the repeal of the so-called "Economy Act", which were ordered to lie on the table.

He also presented resolutions adopted by Robert E. Gordon Post, No. 133, of Belleville, and James Marr Post, No. 135, of Formoso, both of the American Legion in the State of Kansas, favoring the passage of legislation embodying the so-called "four-point program of the American Legion" relative to veterans' benefits, which were referred to the Committee on Finance.

WAGES OF SUBSTITUTE POSTAL EMPLOYEES

Mr. FESS presented a petition of sundry citizens of the State of Ohio, which was referred to the Committee on Post Offices and Post Roads and ordered to be printed in the RECORD, without the signatures, as follows:

COLUMBUS, OHIO, March 12, 1934.

To the Honorable Senator FESS.

DEAR SIR: May we, the undersigned, citizens of central Ohio, ask you for your support and influence in expediting the passage of House bill 7483, a bill designed to guarantee to substitute postal employees a minimum weekly wage of \$15?

REPORTS OF COMMITTEES

Mr. SHEPPARD, from the Committee on Commerce, to which was referred the bill (S. 3144) to legalize a bridge across the St. Louis River at or near Cloquet, Minn., reported it without amendment and submitted a report (No. 546) thereon.

Mr. SMITH, from the Committee on Agriculture and Forestry, to which was referred the bill (S. 2934) to facilitate the acquisition of migratory-bird refuges, and for other pur-

poses, reported it without amendment and submitted a report (No. 547) thereon.

Mr. BARBOUR, from the Committee on Military Affairs, to which was referred the bill (H.R. 3032) for the relief of Paul Jelna, reported it with an amendment and submitted a report (No. 548) thereon.

Mr. BONE, from the Committee on Agriculture and Forestry, to which was referred the bill (H.R. 6525) to amend the act known as the "Perishable Agricultural Commodities Act, 1930", approved June 10, 1930, reported it without amendment.

RETIREMENT OF GEORGE W. HESS

Mr. BARKLEY, from the Committee on the Library, reported a joint resolution (S.J.Res. 94) to retire George W. Hess as director emeritus of the Botanic Garden, which was read twice by its title and ordered to be placed on the calendar.

AIR- AND OCEAN-MAIL CONTRACTS—ADDITIONAL COPIES OF HEARINGS

Mr. HAYDEN, from the Committee on Printing, reported a resolution (S.Res. 215), which was considered by unanimous consent and agreed to, as follows:

Resolved, That in accordance with paragraph 3 of section 2 of the Printing Act, approved March 1, 1907, the Special Committee on Air- and Ocean-Mail Contracts of the Senate be, and is hereby, empowered to have printed 1,500 additional copies of parts 1, 2, 3, 4, 5, and 6 of the testimony taken before said special committee during the Seventy-third Congress in connection with its investigation of air-mail and ocean-mail contracts.

ENROLLED BILLS PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on the 22d instant that committee presented to the President of the United States the following enrolled bills:

S. 2534. An act to further extend the operation of the act entitled "An act for the temporary relief of water users on irrigation projects constructed and operated under the reclamation law", approved April 1, 1932;

S. 2728. An act to repeal Federal liquor prohibition laws to the extent they are in force in the Territory of Hawaii; and

S. 2729. An act to repeal an act of Congress entitled "An act to prohibit the manufacture or sale of alcoholic liquors in the Territory of Alaska, and for other purposes", approved February 14, 1917, and for other purposes.

BILLS AND JOINT RESOLUTIONS INTRODUCED

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. DAVIS:

A bill (S. 3173) granting a pension to Evangeline R. Butler; and

A bill (S. 3174) granting a pension to Lizzie Lawson; to the Committee on Pensions.

By Mr. COUZENS:

A bill (S. 3175) to amend title III of the National Prohibition Act, as amended and supplemented (relating to industrial alcohol), with respect to the issuance of tax-free alcohol to clinics; to the Committee on Finance.

By Mr. McKELLAR:

A bill (S. 3176) granting a pension to Lydia R. Holt; to the Committee on Pensions.

A bill (S. 3177) to provide for the acquisition of the Andrew Johnson Homestead, Greeneville, Tenn., as a national shrine (with accompanying papers); to the Committee on the Library.

By Mr. FESS:

A bill (S. 3178) authorizing the George Washington Bicentennial Commission to print and distribute additional sets of the writings of George Washington; to the Committee on the Library.

By Mr. O'MAHONEY:

A joint resolution (S.J.Res. 92) to create a commission to formulate a permanent national policy with respect to bene-

fits for veterans and dependents of veterans, and for other purposes; to the Committee on Finance.

By Mr. CLARK:

A joint resolution (S.J.Res. 93) authorizing the creation of a Federal Memorial Commission to consider and formulate plans for the construction, on the western bank of the Mississippi River, at or near the site of old St. Louis, Mo., of a permanent memorial to the men who made possible the territorial expansion of the United States, particularly President Thomas Jefferson and his aides, Livingston and Monroe, who negotiated the Louisiana Purchase, and to the great explorers Lewis and Clark, and the hardy hunters, trappers, frontiersmen, and pioneers and others who contributed to the territorial expansion and development of the United States of America; to the Committee on the Library.

TITLE OF UNITED STATES TO LANDS IN TERRITORIES AND INSULAR POSSESSIONS

Mr. ASHURST. Mr. President, there has been passed by the other House of Congress H.R. 5863, being a bill which in effect, declares that the principle of the common law that title to lands by prescription cannot be acquired as against the Government shall be applicable to all places under the jurisdiction of the United States.

Since the passage of the bill by the House, an identical bill, introduced by the Senator from Texas [Mr. SHEPPARD], being S. 1699, has passed the Senate. I ask that the House bill be laid before the Senate, and ask the Secretary to read the bill. Then I shall ask unanimous consent for its immediate consideration, and if the House bill shall be passed, I shall then request that the Senate bill be recalled and indefinitely postponed.

The VICE PRESIDENT. Without objection, the clerk will read, as requested.

The Chief Clerk read the bill (H.R. 5863) to prevent the loss of the title of the United States to lands in the Territories or territorial possessions through adverse possession or prescription, as follows:

Be it enacted, etc., That hereafter no prescription or statute of limitations shall run, or continue to run, against the title of the United States to lands in any Territory or possession or place or Territory under the jurisdiction or control of the United States, including the Philippine Islands; and that no title to any such lands of the United States or any right therein shall be acquired by adverse possession or prescription, or otherwise than by conveyance from the United States.

The VICE PRESIDENT. Is there objection to the request of the Senator from Arizona for the immediate consideration of the bill?

Mr. KING. Mr. President, I should like to ask a question in regard to this measure. I note the word "hereafter" is contained in the first line of the bill. That would imply that before the passage of this bill the statute of limitations would run against the Government. I do not want to concede that implication, because I do not think that it is legally correct. No prescriptive right may run against the Government, and the word "hereafter", it seems to me, should not be in the bill.

Mr. ASHURST. Mr. President, I am not equipped legally to measure swords with the able Senator from Utah, who is a distinguished lawyer, but I beg him to remember that the common-law principle, to wit, that no time runs against the sovereign, has always, of course, applied to continental United States, and that in some of our possessions this common-law principle did not and does not obtain; and, strange as it may seem, time did run against the sovereign in some of these possessions. This bill simply provides that hereafter in our possessions no title shall run against the United States by prescription, to wit, by lapse of time, and that the common-law rule, with which the able Senator is familiar, that no title may be acquired against the United States by prescription shall obtain in those possessions.

I ask that there may be read at the desk a copy of a letter from the Secretary of the Interior, addressed to the Senator from Maryland [Mr. TYDINGS], Chairman of the Committee on Territories and Insular Affairs, which explains the bill.

The VICE PRESIDENT. Without objection, the clerk will read, as requested.

The Chief Clerk read as follows:

INTERIOR DEPARTMENT,
Washington, February 23, 1934.

Hon. MILLARD E. TYDINGS,
Chairman Committee on Territories and Insular Affairs,
United States Senate.

MY DEAR SENATOR TYDINGS: I have received your letter of February 1 requesting a report on S. 1699, entitled "A bill to prevent the loss of the title of the United States to lands in the Territories or territorial possessions through adverse possession or prescription."

The bill in effect declares that the principle of the common law, that title by prescription cannot be acquired as against the sovereign, shall be applicable in all places under the jurisdiction or control of the United States, including the Philippine Islands. In the case of *Carino v. Insular Government* (212 U.S. 449) it was recognized that title by prescription against the Crown existed under Spanish law in force in the Philippine Islands prior to their acquisition by the United States, and that one occupying land in the Province of Benguet for more than 50 years before the Treaty of Paris is entitled to the continued possession thereof.

I am not aware of any objection to the proposed legislation.

Sincerely yours,

HAROLD L. ICKES,
Secretary of the Interior.

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

Mr. KING. Mr. President, I do not object. I had in mind particularly Alaska where, my recollection is, the organic act provided that the common law with all its limitations should be the controlling factor. However, I shall not object.

Mr. McNARY. Mr. President, I do not favor the practice of taking bills off the calendar unless it is a very serious emergency. Am I to understand that the bill once passed the Senate, that an identical bill has passed the House, and that the Senator now asks to substitute the House bill for the Senate bill?

Mr. ASHURST. The Senator is correct.

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to a third reading, read the third time, and passed.

The VICE PRESIDENT. Without objection, an order will be entered requesting the House of Representatives to return the Senate bill and accompanying papers.

MESSAGE FROM THE PRESIDENT—APPROVAL OF A BILL

A message in writing from the President of the United States was communicated to the Senate by Mr. Latta, one of his secretaries, who also announced that the President had approved and signed on March 23, 1934, the act (S. 356) for the relief of the Great American Indemnity Co. of New York.

THE LAND POLICY OF THE WEST

Mr. POPE. Mr. President, I desire to submit in a few minutes a request to have printed in the RECORD an article upon the land policy of the West, a very important and able article written by Marshall N. Dana, which I think is of very great importance at this time.

It seems important and timely that the general attitude of the western reclamation States be made clear regarding a national land policy, such as has been indicated by the President, by the Secretary of Agriculture, and by the Secretary of the Interior, relating to marginal lands, economic feasibility, market outlets, and other factors.

The Department of Agriculture, on the authority delegated by the Agricultural Adjustment Act, is attempting to work out a program of unified, balanced, and controlled agricultural production. This program necessitates extensive surveys of land productiveness, market outlets, transportation facilities, and social consequences. Ultimately these extensive surveys and experiments should produce a well-defined national land policy.

Representing, as I do in part, one of the public-land States, a State in which the Federal Government owns some 56 percent of the land area, I am exceedingly desirous that the claims of agriculture in these States shall be given full consideration under this new program.

As every Senator knows, agriculture in the public-land States is directly dependent upon reclamation. Vast areas

of arid land have been transformed into tens of thousands of fertile, productive farms. Hundreds of cities have grown up, railroads and highways have been constructed, and withal entire States have been erected on this foundation of reclaimed land, the fruition largely of our Federal reclamation policy.

But obvious as these facts are, there is an appalling lack of understanding of the actual operations of this policy. Many otherwise well-informed people have the rather vague idea that reclamation is based on a form of Government subsidy, comparable with the vast appropriations for rivers and harbors. Just recently I heard the statement made that making appropriations for reclamation is like "pouring water into a rat hole." Such statements disclose an inexcusable ignorance of our national reclamation policy and its results.

The Federal reclamation fund which has been used in building the great public-land States of the West, is held inviolable as a permanent revolving fund and the money expended for reclamation is eventually repaid. Despite the depression, about 95 percent of payments due the Federal Government have been repaid to this revolving fund.

There has come to my attention a recent statement by Mr. Marshall N. Dana, president of the National Reclamation Association, chairman of the Pacific Northwest Regional Planning Commission, and formerly regional advisor of Public Works Administration of Portland, Oreg. This statement bears the title "The West Must Farm", and is a remarkably clear, able, and concise statement on this important matter.

Mr. Dana points out in his timely article that reclamation will stand the most rigid test of a scientifically controlled agriculture; that it will be found consistent with a national land policy which seeks to eliminate marginal lands and to coordinate production with consumer demands, economic marketing, and transportation facilities. He puts to rout arguments that irrigated areas materially increase surpluses and that our Federal reclamation policy includes an element of Government subsidy. He says:

Farming by aid of irrigation in Western States is a necessary method. These are the "public-land States", where 52 percent of the total area is owned by the United States Government. In 1902, by congressional act, the Government recognized its responsibility as a majority landowner by setting up a revolving fund in aid of reclamation. The fund was derived from 52 percent of the proceeds from sales of public lands and from oil, gas, and other leases. Forty-eight percent of the proceeds from these sources went into the National Treasury. Contracts were entered into with districts and progressively modified so that today settlers obligate themselves to repay in 40 years without interest the full amount advanced by the Government in building reclamation works. These repayments augment the revolving fund. In 1932, \$208,000,000 had been spent from the reclamation fund, \$42,000,000 had been repaid, and settlers, despite the depression, were only 6 percent in arrears on construction payments. At the same time, 42,000 farms were in operation, 227 cities and towns had been established, annual crop values had reached \$100,000,000, and assessed values had been created totaling \$2,500,000,000. The people on reclamation projects in 1930 were customers of eastern manufacturers to the extent of \$120,000,000, or 95,000 carloads. Incident to the allocation of money to continue the authorized reclamation program under the Public Works Administration, it was found that for every person employed in reclamation construction, approximately two workers were given jobs in the industrial East. Some of the largest and most powerful devices ever employed in the combinations of land and water for human benefit have been created from eastern and midwestern industries for western reclamation projects.

And while these are large figures demonstrating a signally successful enterprise, it is also true that Federal reclamation projects contain only four tenths of 1 percent of the Nation's cultivated land. The farmed land of Iowa alone is greater in acreage than the entire area of western irrigation. The products of Federal reclamation projects represent only three fourths of 1 percent of the total annual values of American agriculture.

Nor are reclamation products in competition with the products of other sections or contributors to the agricultural surplus. Feed is grown for winter use to balance summer range. The needs of western cities, mining, ports, and/or transportation are partially supplied with fruits, dairy products, vegetables, nuts, long-staple cotton, alfalfa, sugar beets, and grass seeds. Not enough wheat is grown on the reclamation projects to supply the people living on these projects, the average being about 2,500,000 bushels, as compared with a normal American crop of 800,000,000 bushels.

And that, if anyone looks at it fairly, is just about all there is to the reclamation bogey of "subsidy" and "surplus."

Like the other bogies that find substance in ignorance and prejudice, it dissolves before the facts and reveals one of the most magnificent accomplishments for human benefit and progress ever recorded.

A high standard of honor and responsibility has uniformly been maintained in the contractual relations between settlers on the Federal reclamation projects and the Government. Of "repudiation" proposals there have been few, and these usually instigated by unscrupulous individuals who sought, for fees, to impose upon the credulity or to exploit the necessities of settlers. In actual emergencies, created by economic depression or by unforeseen contingencies in the construction and administration of projects, Congress and the administrative divisions of the Government have dealt justly and generously. The National Reclamation Association takes an unqualified position in favor of keeping reclamation contracts, both in letter and spirit, and is equally opposed to repudiation. The association believes all necessary adjustment may be made directly with the representatives of the Government, and without the intervention of mercenaries. We do not thereby refer to legitimate professional services.

One of the great engineering organizations of the world has been developed incident to the Reclamation Service. The experience gained is of incalculable value in construction and administration. Research and scientific knowledge, increased by cooperative agencies, have aided not reclamation alone but all agriculture in signal improvement of production and marketing.

The strategic importance in the national defense of a staunch and balanced development of the West is incalculable. Facing the Orient and desiring, first of all, profitable trade relations with the billion people who live around the shores of the Pacific, we feel that to maintain western progress in full strength and vigor is part of an issue of national integrity.

We have encountered the suggestion of a "unified" agriculture. It apparently means that one section may exclusively supply the Nation's food needs. No one section in America is capable of so doing—not even the West. It is impossible from the standpoints of climate, geography, transportation, and distribution. The great rate division at the crest of the Continental Divide forbids.

To remove agriculture from all but one area would paralyze the others. It would eliminate margins and reservoirs for emergency. And even if the Mississippi Valley were chosen for "unified" agriculture, what would be done when that great region was bathed with flood or parched with drought? Consider, too, the spectacle of the East all factories and the West all hot-dog stands and filling stations for tourists.

Infinitely preferable is a planned development that, while desirable for the West, is equally important to the Nation.

The utilization of natural resources, the control of floods and the unifying of stream flow, the guidance of agriculture and settlement, the relationships and integration of transportation and industry, the methods employed, and the habits of life all are best conducted by orderly procedure not rigidly standardized but sufficiently flexible to stimulate the exceptional in personality and achievement, and not superimposed but derived from the intelligence, the ambitions, the living standards, and the ideals of the people.

An admirable expression of the ideal and the vision of national reclamation is contained in the message from the President of the United States and presented to the Second Annual Convention of the National Reclamation Association at Boise, Idaho, November 28. It reads as follows:

"I do not want to let the occasion of the second annual meeting of the National Reclamation Association go by without sending you my greetings and best wishes. May your deliberations result in mutual benefit to Federal water users and the public generally.

"Reclamation as a Federal policy has proven its worth and has a very definite place in our economic existence. Spread over one third of the territory of the United States and creating taxable values and purchasing power affecting municipal, State, and Federal Governments and private industry, it is only reasonable that we should all take pride in its achievements and success.

"The National Industrial Recovery Administration, more popularly known as 'N.R.A.', is designed to pull us out of the depression; and that it is accomplishing its purpose is acclaimed everywhere. I hope the fact that your association has the same initials is significant and that the two may gradually but surely help the farmer to economic independence with the active cooperation of the administration.

"Very sincerely yours,

"FRANKLIN D. ROOSEVELT."

This is the western picture. There are unchangeable limitations upon valleys of the West, verdant and almost magically productive when watered from the mountains, Nature's reservoirs, rising in their splendor. Farms cannot be continuous as upon flat prairie expanses. The variety of land and of topography creates a corresponding variety in living. For every acre suitable for farming there will be numerous acres suitable for fun. Land marginal for agriculture may be grade A for recreation and inspiration. In other words, Nature in the West supplies the facilities of diversified production and the setting for completely rounded personalities, as strong, as hardy, as creative, as rich in happiness as Nature herself.

We hold that no greater service has been rendered to the social progress of America than the amazing and successful contribution made by reclamation, as a national policy, in rendering fully

available for their utility and their beauty the mountains and the forests, the rivers and the valleys, the lakes and the ocean shores of the West. It is one of the true forward steps of the Nation.

Mr. Dana tells the romantic story of the irrigated West and the results of our national policy of reclamation.

Mr. COSTIGAN. Mr. President—

The VICE PRESIDENT. Does the Senator from Idaho yield to the Senator from Colorado?

Mr. POPE. I yield.

Mr. COSTIGAN. Is it not true that our reclamation policy is essentially one of conservation of both natural and human resources?

Mr. POPE. That is entirely true.

Mr. President, I now ask that the article of Mr. Dana may be printed in the RECORD in full as a part of my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE WEST MUST FARM

(A statement by Marshall N. Dana, president National Reclamation Association)

The National Reclamation Association is heartily in sympathy with steps now being taken by the national administration to subject all agricultural lands to the test of economic productive value.

We not only favor the elimination of land that cannot be farmed with profit under what may be termed normal conditions but we are ready for a more advanced step.

We would suggest that every farm tract be subjected to the test of (1) economic feasibility and (2) the need of its products in (a) local or regional markets and (b) national and/or world markets.

Further, we believe it to be a manifest duty of the United States Government, through its several departments, to establish a national land policy and, in conformity, not only to seek the elimination of demonstrably marginal lands but to assure the profitable use of good land through the solution of production problems, the improvement and cheapening of transportation, and the enhancement of marketing opportunities.

We believe that the prejudice which sectionally divides American agriculture should be removed by general recognition that each section is entitled to its agriculture as a balancing factor in secure living and general progress.

We believe that the quarrel as to whether lands shall be farmed in the manner that controlling climatic conditions necessitate—that is, by the aid of natural precipitation or water artificially applied—should be replaced by the rigid tests of feasibility.

We agree that national land policy may support all necessary farming methods and that western reclamation should feel a common purpose and sympathy in midwestern flood control and eastern-southern rehabilitation of impoverished soil.

We think that the positions taken by Henry A. Wallace, Secretary of Agriculture, against farm slums and by Harold L. Ickes, Secretary of the Interior, against alienation of Government ownership of the public domain are eminently fair and right.

Now, as to reclamation in a national land program, we think the following facts should receive just appraisal:

Farming by aid of irrigation in Western States is a necessary method. These are the public-land States, where 52 percent of the total area is owned by the United States Government. In 1902, by congressional act, the Government recognized its responsibility as a majority landowner by setting up a revolving fund in aid of reclamation. The fund was derived from 52 percent of the proceeds from sales of public lands and from oil, gas, and other leases. Forty-eight percent of the proceeds from these sources went into the National Treasury. Contracts were entered into with districts and progressively modified so that today settlers obligate themselves to repay in 40 years without interest the full amount advanced by the Government in building reclamation works. These repayments augment the revolving fund. In 1932, \$208,000,000 had been spent from the reclamation fund, \$42,000,000 had been repaid, and settlers, despite the depression, were only 6 percent in arrears on construction payments. At the same time, 42,000 farms were in operation, 227 cities and towns had been established, annual crop values had reached \$100,000,000, and assessed values had been created totaling \$2,500,000,000. The people on reclamation projects in 1930 were customers of eastern manufacturers to the extent of \$120,000,000, or 95,000 carloads. Incident to the allocation of money to continue the authorized reclamation program under the Public Works Administration it was found that for every person employed in reclamation construction approximately two workers were given jobs in the industrial East. Some of the largest and most powerful devices ever employed in the combinations of land and water for human benefit have been created from eastern and midwestern industries for western reclamation projects.

And while these are large figures demonstrating a signally successful enterprise, it is also true that Federal reclamation projects contain only 0.4 of 1 percent of the Nation's cultivated land. The farmed land of Iowa alone is greater in acreage than the entire area of western irrigation. The products of Federal

reclamation projects represent only three fourths of 1 percent of the total annual values of American agriculture.

Nor are reclamation products in competition with the products of other sections or contributors to the agricultural surplus. Feed is grown for winter use to balance summer range. The needs of western cities, mining, ports, and/or transportation are partially supplied with fruits, dairy products, vegetables, nuts, long-staple cotton, alfalfa, sugar beets, and grass seeds. Not enough wheat is grown on the reclamation projects to supply the people living on these projects, the average being about 2,500,000 bushels, as compared with a normal American crop of 800,000,000 bushels.

And that, if anyone looks at it fairly, is just about all there is to the reclamation bogey of "subsidy" and "surplus."

Like the other bogies that find substance in ignorance and prejudice, it dissolves before the facts and reveals one of the most magnificent accomplishments for human benefit and progress ever recorded.

A high standard of honor and responsibility has uniformly been maintained in the contractual relations between settlers on the Federal reclamation projects and the Government. Of "repudiation" proposals there have been few, and these usually instigated by unscrupulous individuals who sought, for fees, to impose upon the credulity or to exploit the necessities of settlers. In actual emergencies, created by economic depression or by unforeseen contingencies in the construction and administration of projects, Congress and the administrative divisions of the Government have dealt justly and generously. The National Reclamation Association takes an unqualified position in favor of keeping reclamation contracts, both in letter and spirit, and is equally opposed to repudiation. The association believes all necessary adjustment may be made directly with the representatives of the Government, and without the intervention of mercenaries. We do not thereby refer to legitimate professional services.

One of the great engineering organizations of the world has been developed incident to the Reclamation Service. The experience gained is of incalculable value in construction and administration. Research and scientific knowledge, increased by cooperative agencies, have aided not reclamation alone but all agriculture in signal improvement of production and marketing.

The strategic importance in the national defense of a staunch and balanced development of the West is incalculable. Facing the Orient and desiring, first of all, profitable trade relations with the billion people who live around the shores of the Pacific, we feel that to maintain western progress in full strength and vigor is part of an issue of national integrity.

We have encountered the suggestion of a "unified" agriculture. It apparently means that one section may exclusively supply the Nation's food needs. No one section in America is capable of so doing—not even the West. It is impossible from the standpoints of climate, geography, transportation, and distribution. The great rate division at the crest of the Continental Divide forbids.

To remove agriculture from all but one area would paralyze the others. It would eliminate margins and reservoirs for emergency. And even if the Mississippi Valley were chosen for "unified" agriculture, what would be done when that great region was bathed with flood or parched with drought? Consider, too, the spectacle of the East all factories and the West all hot-dog stands and filling stations for tourists.

Infinitely preferable is a planned development that, while desirable for the West, is equally important to the Nation.

The utilization of natural resources, the control of floods and the unifying of stream flow, the guidance of agriculture and settlement, the relationships and integration of transportation and industry, the methods employed, and the habits of life all are best conducted by orderly procedure not rigidly standardized but sufficiently flexible to stimulate the exceptional in personality and achievement, and not superimposed but derived from the intelligence, the ambitions, the living standards, and the ideals of the people.

An admirable expression of the ideal and the vision of national reclamation is contained in the message from the President of the United States and presented to the Second Annual Convention of the National Reclamation Association at Boise, Idaho, November 28. It reads as follows:

"I do not want to let the occasion of the second annual meeting of the National Reclamation Association go by without sending you my greetings and best wishes. May your deliberations result in mutual benefit to Federal water users and the public generally.

"Reclamation as a Federal policy has proven its worth and has a very definite place in our economic existence. Spread over one third of the territory of the United States and creating taxable values and purchasing power affecting municipal, State, and Federal Governments and private industry, it is only reasonable that we should all take pride in its achievements and success.

"The National Industrial Recovery Administration, more popularly known as 'N.R.A.', is designed to pull us out of the depression; and that it is accomplishing its purpose is acclaimed everywhere. I hope the fact that your association has the same initials is significant and that the two may gradually but surely help the farmer to economic independence with the active cooperation of the administration.

"Very sincerely yours,

"FRANKLIN D. ROOSEVELT."

This is the western picture. There are unchangeable limitations upon valleys of the West, verdant and almost magically productive when watered from the mountains, Nature's reservoirs, rising in

their splendor. Farms cannot be continuous as upon flat prairie expanses. The variety of land and of topography creates a corresponding variety of living. For every acre suitable for farming there will be numerous acres suitable for fun. Land marginal for agriculture may be grade A for recreation and inspiration. In other words, Nature in the West supplies the facilities of diversified production and the setting for completely rounded personalities, as strong, as hardy, as creative, as rich in happiness as Nature herself.

We hold that no greater service has been rendered to the social progress of America than the amazing and successful contribution made by reclamation, as a national policy, in rendering fully available for their utility and their beauty, the mountains and the forests, the rivers and the valleys, the lakes and the ocean shores of the West. It is one of the true forward steps of the Nation.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had passed without amendment the bill (S. 3067) granting the consent of Congress to the Louisiana Highway Commission to construct, maintain, and operate a bridge across the Mississippi River at or near Baton Rouge, La.

STOCK-EXCHANGE REGULATION—STATEMENT BY JUDGE WILLIAM CLARK

Mr. NORRIS. Mr. President, I have been greatly impressed by the testimony of Judge William Clark before the Banking and Currency Committee, March 6, 1934, on proposed stock-exchange regulation. I ask permission to have Judge Clark's remarks inserted in the CONGRESSIONAL RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

I have accepted your committee's kind invitation to impose on their time for one reason only. I have strong feelings on the subject of the margin section of the proposed bill. I believe that section does not go far enough. I believe that the stock exchange should be put on a cash basis. Those feelings and that belief are not manufactured for this occasion, nor are they simply the result of cloistered thinking by an enfeebled intellect. In 10 years on the Federal bench I have had personal observation of the tragic consequences of margin trading in three respects:

First, I have had to send men to prison because they had used the money intrusted to them by poor depositors to "protect" (God save the mark!) their margin accounts. The district attorney for my district advises me that about one half of our national-bank embezzlements in the last 5 years are the result of stock speculation. The Department of Justice informs me that the average for the country generally runs as high as 60 percent. If you examine the records of bonding companies and of prosecutors' offices, you will, I think, find that officers in State institutions and public officials have been equally inclined to use other people's money for investment (sic) in the stock exchange. The judicial function of punishment is always heartrending to exercise. In the case of certain classes of crimes the nature of the offense and of the person committing it leaves the emphasis on the necessity for protecting society. To sentence a drug peddler is one thing; to punish a leading citizen of the community for betraying the neighbors who trusted him is quite another. Furthermore, in dealing with the professional criminal one has the feeling that the causes of his erring (environment, inheritance, physical and mental condition, etc.) are deep-rooted in any civilization and yield only gradually to elimination. In the case of the bank officer, however, there is obviously only one cause—his inability to resist the insidious temptation of following the crowd in seeking what looks like safe and easy money.

Second. There has been since 1929 an increasing number of suits in my court on insurance policies where, under the terms of the standard policy, the issue was: Accident or suicide. The company has been, therefore, obliged to establish motive, and in nearly every instance the motive has been "wiped out in the stock market." The number of these cases caused me to inquire of insurance executives about the causes of suicide under straight-life policies. The answer was again mostly stock-exchange speculation. The situation became so serious, I am informed, that the companies considered abrogating the 1-year uncontestable clause in their policies. Sometimes this first and second respect can be combined, because the particular bank officer or public official prefers death to dishonor and anticipates the court with a pistol. We had such a case in Princeton, where I live, 2 years ago. The cashier of one of our banks killed himself and it was discovered that a local brokerage office (it has now folded its ledgers and departed) had covered his margins with about one hundred and fiftieth of the bank's money and about 50,000 of the local churches for good measure.

Third. In 1930 and 1931 I conducted, with the aid of the Yale Law School and the Department of Commerce, what we called a "bankruptcy clinic"; we examined a large number of persons who had filed petitions in the New Jersey court for the purpose of discovering the whys and wherefores of their unfortunate con-

dition, hoping that we might be able to chart the seas instead of just salvaging the wreck. We were shocked to find the large number of individuals, both business men and wage earners, who had taken a fling in the market as a sideline, with, of course, fatal results.

My knowledge of these things led me to the conclusion that margin trading in an unconscionable number of cases led to either death, dishonor, or distress. I have been endeavoring for several years now to impart that conclusion to the stock-exchange authorities themselves. Through the newspaper, in speeches, and even through personal correspondence, I have endeavored to suggest that they would be wise to alter a system that fostered such dreadful results. You gentlemen who have experienced the cooperative spirit of the exchange will not be surprised to hear that I didn't accomplish much except, perhaps, qualify myself in their regard for a place in the United States Senate.

In fact, I was met by the same plaintive cry (it reminds me of a sort of financial Mother Carey's chicken) that you must be pretty sick of—"the stock exchange is a market place." One has heard this so often that one almost expects to see the floor brokers becomingly draped in white aprons and to smell fish instead of stocks. One might suppose that Shakespeare's famous phrase had ended the argument by giving a name. The stock exchange is not a market place any more than margin trading is per se gambling. The stock exchange is a very important institution in our economy and should govern itself or be governed according to sound principles of political economy. One of these principles is undoubtedly that it should be a place where stocks can be bought and sold. Another is that it not be a place where people are tempted to indulge in unreasonable risks. Clearly, if everyone could purchase stocks for the asking and without the humiliating necessity of putting up some cash, the number of transactions would increase and multiply and the widow and orphan could sell or buy every split second. (I might digress to remark how curious it is that tears for the widow and orphan appear—like the cuckoo in the cuckoo clock—wherever a utility or stock exchange goes on the operating table.) Equally clearly a margin transaction involves a real risk. It is not gambling in any technical sense. It is simply a purchase-money mortgage with a chose in action (the stock) as security. Because that security is very volatile in its nature it is subject to wide and rapid fluctuations. Because it is subject to those wide and rapid fluctuations the mortgagor purchaser is always in danger of having to bolster the impaired security, and if he can't, of being foreclosed out of his purchase money.

We must, it seems to me, arrive at a social balance between these conflicting values. The widows and orphans can afford to wait a few hours to get their money for their securities in order that others of their fellows may not be widowed or orphaned—for dishonor is a worse form of death—or forced into poverty because their loved ones have succumbed to the temptation of unreasonable risks. How is the social balance to be reached? In my very humble judgment, by putting, as I said in the beginning, the stock exchange on a cash basis.

It would not be too much to say that among the most obvious of the much-talked-about causes of the much-talked-about depression is the abuse of credit. You gentlemen have seen it in your investigation of foreign loans and in your investigation of a few banks. (I have had officially to see something of liquidating national banks, and I can assure you have only scratched the surface there; you would be surprised at what the risks insured against would have been if we had had deposit insurance.) You have not seen as much as I have, perhaps, of the great American institution of installment selling. During the glad gone days it was fashionable to exalt that system. Personally I never could see the soundness of buying anything but necessities until the money was in the bank. It costs more, it is subject to the whims of fate, and it only anticipates enjoyment at the expense of thrift. However that may be, we who investigated the 1,000 bankruptcies I have spoken of had ample opportunity to observe the economic effect of the unbridled installment mania of the last decade. The installment houses, like the stockbrokers, point with pride to the fact that they lost nothing. That is no doubt true. It is the poor fools that fall for the blandishments of both that have done the losing.

No one will maintain that stocks are necessities in the sense that shelter, covering, food, and transportation are essential to human welfare. There seems no good reason, accordingly, why stocks should not be paid for by money that has first been saved, rather than that the saving should come out of the rise or fall of the market. That is certainly true in all cases where the mortgagor purchaser is not in a credit position to meet the fluctuations of his security.

Who determines that mortgagor purchaser's credit position? As things are now the one man least fitted to do so—the broker. Least fitted for two reasons. He has not the capacity or the incentive. I do not propose to discuss the personal characteristics of stockbrokers. There are no doubt many who compare with judges to the disadvantage of the latter. It is a fact, however, that the business as at present constituted is not conducive to the development of inherent talent. The floor trading could certainly be carried on by Western Union messengers and it has been even suggested that a pari-mutuel system could be worked out. The office work is largely routine, and the chief difference between a bad broker and a good broker seems to be in his ability to make friends—a beautiful quality, surely, but sometimes expensive for the friends. In France a member of the

Bourse has to be both a chartered accountant and a member of the bar.

Worse than lack of capacity, the incentive of the stockbroker is toward the abuse of his power to extend credit. His temptation is, of course, to ignore the credit position of his customer. He makes first some interest on the money he loans, and then he earns the livelihood by the number and size of his transactions. As long as he has enough to cover during the time needed for him to sell out, he does not care whether the customer must dip into the till to put up more margin or kills himself or loses his home because he can't. It is true he may lose his customer, but he is comforted by Barnum's aphorism. The stock and commodity brokers are the only go-betweens I know of that exercise the credit function. Their stake is not in the use of credit in the interest of the community or its members, but in, naturally, lining their own pockets with as many commissions as possible. They immediately become unable to estimate the wisdom to the particular individual and through him to society of any "credit line."

I have avoided discussing the gambling instinct and its suppression as relates to the stock exchange. We are all of us lazy (except, maybe, Senators) and we would all like to make some money without working for it. We have not been very successful in the legislative suppression of instincts. I am only suggesting that if we want to make money without working for it by operating in the stock market, we should either have the cash in our jeans or we should borrow it from some source which is both more or less expert in the exercise of the credit function and which has no bias in favor of exercising rather than refusal. Such a source manifestly exists in the banking system, which, whatever its past mistakes, must have a vital interest in the economic wisdom of all of us and must govern their loans by an honest desire to build up the country rather than by the wish to have a new crop of the "something-for-nothing boys" every few years.

I have also not dwelt upon the fatal effects of the abuse of credit by the stockbrokers on our whole economic life. To do so seems hardly necessary after what we have just been through. A people can scarcely base its investment policy on borrowing to buy stocks whose value arises principally because everyone is borrowing to buy them and benefit by it. We have sown margin trading and are now reaping the depletion.

I hope I have not been presumptuous, gentlemen. I have seen with my own eyes what margin trading has done to its victims. It has not been a pleasant sight. I hope that the Congress will have the courage and wisdom to put an end to it. May I close with two warnings? First, the stock-exchange authorities have attempted to arouse the country to some chimera of the nationalization of industry. Very patriotic, if true, but let me assure you that the real interest lies in the margin provision, because that's where the money is. Second, they are professing great concern for the small investor, as they euphemistically term him. I even read that your committee was contemplating modifying the margin requirements for his protection. The word should have been "destruction." The interest of the stock exchange in him after what has happened reminds me of the interest of a much older wolf than the big bad one in a little girl with a certain colored hood.

INVESTIGATION OF STOCK EXCHANGES—ARTICLE BY SENATOR FLETCHER

Mr. COSTIGAN. Mr. President, in Liberty for March 17, 1934, the able senior Senator from Florida, Hon. DUNCAN U. FLETCHER, Chairman of the Senate Committee on Banking and Currency, has strikingly reviewed and summarized certain developments of the continuing stock-exchange investigation.

I ask unanimous consent to have Senator FLETCHER's article incorporated in the CONGRESSIONAL RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From Liberty, Mar. 17, 1934]

OUR FINANCIAL RACKETEERS

(By Senator DUNCAN U. FLETCHER, Chairman of the United States Senate Committee on Banking and Currency)

For approximately 20 months the Senate Committee on Banking and Currency has been conducting an investigation into stock-exchange and banking practices. The facts brought out in the public hearings are of such vital importance to the proper conduct of our financial institutions that they cannot be ignored, and we must not permit them to be glossed over. For a final array of the facts and an ultimate appraisal of their values, it is best that we await the conclusion of the hearings and the report of the committee and its counsel; for immediately ahead of us, I believe, is some of the most valuable information which the committee shall be privileged to present. In the meantime it is not inappropriate that we review briefly the developments to date.

Similar investigations have revealed practices just as startling as the present. Unfortunately, however, we seem not to have profited as greatly from the fund of knowledge developed as we should have. My primary purpose in discussing these matters at this time arises from the firm resolution that we shall be neither intimidated, misdirected, nor lulled into a false sense of security. The discreditable, unethical, vicious practices uncovered in this investigation must, insofar as legislatively and administratively possible, be

eliminated from the practices of those individuals and institutions controlling the most vital factors of our economic system.

The present investigation had its inception in Senate Resolution No. 84 in April 1932. Its scope was such as to confer upon the committee powers generally believed to permit them to investigate stock-exchange and banking practices, and the desirability of the exercise of the taxing power of the United States with respect to any such securities. Subsequently, Senate Joint Resolution No. 206, Senate Resolutions Nos. 239, 371, 373, and 56 were passed to strengthen and continue the powers of the committee. Early in the life of the Seventy-third Congress a minor crisis developed when the powers of the committee were challenged while it was attempting to investigate individual transactions for income-tax purposes. The Senate responded by passing Senate Resolution No. 97, which contributed in bestowing upon this committee probably the broadest authority ever conferred by Congress on any similar grouping of its Members.

It would be premature to even outline the report and the conclusions of the committee. It is possible now to state only generally the principal subjects studied and enumerate some of the questions which have been investigated and to indicate the scope of the evidence on these matters which point to immediately needed reforms.

The evidence thus far has established beyond question that there have been grave abuses, the continuance of which must not be condoned. In fact, if confidence is to be restored, the general public must be given to understand that such abuses will not be tolerated. The restoration of confidence needed goes further than the mere scope of individual and corporate transactions and practices. The need extends even unto that of State and Federal Government. This committee has been charged with dragging out skeletons, muckraking, and even the destruction of confidence. From the mass of correspondence which has flooded this committee, however, in my estimation the committee's most constructive work is to be found in the revelation of facts and the bolstering of public confidence. The result has been that the financial leaders and institutions of the past have found that the public has more confidence in the committee and governmental bodies in general, and more hope in the protection of corrective legislation and administrative supervision than it has had in them.

Men in high places have betrayed their trust. In theory the corporation official, whether in a bank or other corporate capacity, is a trustee of other people's money. Investigation shows that this feeling of trusteeship has come to be very rare in financial circles.

The acts of financial crooks and racketeers make it plain that efforts must be made to safeguard legitimate depositors and investors. Manipulation and rigging of markets have been shown, though the intents, purposes, and ill effects are either denied or condoned.

Banking and investment corporations have been pyramided and affiliates acquired without rhyme or reason other than to serve selfish interests.

Bankers have become at one and the same time private bankers, commercial bankers, investment bankers, owners or trustees and wreckers of railroads, tunnels, skyscrapers, motion-picture enterprises, public utilities, industrial corporations; public defenders in rallying their banks in united support of a collapsing market on the one hand and selling it short (on margin) on the other. They have, as in the spring and summer of 1929, so the testimony reveals, availed themselves of the rediscount privilege and thrown hundreds of millions of dollars into the call-loan money market in defiance of the belatedly aroused Federal Reserve Board. They have supported the market until their syndicate and pool operations were completed, then withdrawn their support, sold the market short (on margin)—even the stock of their own banks and corporations. To the extent that these latter practices prevailed, these individuals and corporations dictated and controlled the monetary policy of this Nation—even that of the world—according to the interests of a private purpose in lieu of a public purpose. The heavy toll upon the Nation of the ensuing debacle is evidenced in part of the loss of \$4,000,000,000 per month in national income.

Giant banking superstructures, such as those organized in the Detroit area, coerced the management of unit banks, organized pools and trading accounts for market operations, padded their assets, falsified their statements to the general public, and declared huge unearned dividends as a matter of policy in order to bolster public confidence and cover up their unsound condition.

To climax these operations, we must add, the investment departments of our commercial banks have accepted funds from trusting clients and placed them in securities of which they and their affiliates were the sponsors.

In the light of these facts the National and State banking holidays are a mere matter of arrested developments. There is strong evidence that, under the cloak of dollar diplomacy, our big commercial bankers have stuffed the portfolios of their small interior correspondents with worthless foreign securities, as well as flooded the country generally; that they have employed sons of the presidents of borrowing nations while negotiating loans and underwriting flotations, salvaged their own loans while misrepresenting the facts in their underwriting statements, and become recreant in demanding that sinking funds be maintained for the protection of the American investing public. They have not hesitated at misinforming the public with respect to the financial condition of the foreign governments and corporations whose securities they were floating; nor have they hesitated to become construction contractors making successful bids on projects they have sponsored in order to reap added private gains. Finally,

the Department of State has been shown to have dangerously approached the point of passing on the merit of foreign securities.

Heretofore we had been told that little bankers were incompetent operators of holes in the wall. Now events seem to show that in many instances even big bankers cannot be entirely trusted to handle other people's money without rigid supervision.

Huge deals running into the millions are noted only in the minds or on confidential memoranda, not in the minute books of banks and corporations. Probably never are these facts and underlying purposes revealed to stockholders, to whom these men should be accountable, nor are they made known to the general public when floating security issues.

We are often led to believe from the testimony that the recipients of large salaries, fees, bonuses, and commissions spend the greater part of their time either spending their income and organizing personal corporations for tax purposes or running or participating in pools, syndicates, trading accounts, etc., to support the market.

Holes in existing laws have been exposed, calling for their prompt plugging. The sieve-like character of the income tax laws has been revealed.

On the other hand, the lack of regulatory legislation has consigned lawless banking to the banker's code of ethics, according to which bankers apportion the field into noncompetitive areas, as was, for instance, testified to in railroad financing. This same practice over in the commercial field may likewise be made to serve their purpose by restricting credit alternatives with the ultimate capture, even destruction, of profitable and legitimate enterprises, to the detriment of security holders and the general public.

Ethics may be better than law, but who has the temerity to teach a higher code to some bankers?

Elsewhere I have dealt with the provisions of the Banking Act of 1933. Here it suffices if I call attention only to the fact that the above act provides for the separation of the securities affiliates from commercial banking, contains restrictions against the making of loans for speculative purposes, eliminates interest on demand deposits, and lastly has set into motion Federal machinery for the insurance of bank deposits. This latter provision, in my estimation, is the most valuable contribution of the act and will necessitate a far more thorough and rigid examination of commercial banking than we have ever had. As a direct result of this supervision, I expect many of the abuses and malpractices of former banking to be done away with.

Some of the facts brought out by the committee with respect to income taxes are fantastic. One multimillionaire has paid no income taxes in the United States for 3 years, even though he paid income taxes in England. This, he pointed out, was due to the difference between the British and the American laws. Another avoided income taxes by selling securities to his daughter at a lower price than they cost him. She was not at the time aware of the fact that she had become the purchaser. Not a cent of money passed in the transaction. A little later, on the same terms, these same securities were put back in the father's name.

Still another, as I recall, went into the tax-avoidance business on a wholesale scale. He organized 3 American and 3 Canadian corporations. Through a circuitous route he helped them legally avoid payment of taxes to the United States Treasury, despite the fact that he later covered these funds into one corporation. In addition, we found these corporations financing and functioning in a wider capacity in the investment, banking, and stock-speculation fields.

Another individual, through the creation of living trusts for members of his family—managed by himself—together with transactions for both his and their account, was able to sell the market short in one account, borrow from another on the note of the first, carry for years a short position with a tremendous potential profit, suspend the payment of taxes, and stand the chance in the end of avoiding them entirely. Others executed similar transactions between themselves and their wives, with substantially the same results as that between daughter and father.

The fallacy of the law lies in its treating speculative gains and losses on a basis of equality with legitimate profits and losses. One is lost or gained by gambling in the wares of stock and commodity exchanges, whereas the other must be put in the category of legitimate profits and losses of capital assets and legitimate income. To me it is inconceivable that capital arbitrarily shrinks in December and recovers its attractiveness at the end of an arbitrarily fixed, subsequent 60- or 90-day period. In my estimation such transactions are a gambling connivance, entered into for the deliberate legal avoidance of taxes, economically and socially vicious in their effects; the losses of which should be neither cushioned nor compensated for by the Government taxing policies. The gain from such transactions should at least be appropriated to the same extent as are legitimate transactions, if not further penalized. Such transactions are wholly vicious and should be exterminated.

Bear raiding and bulling the market are advocated as a corrective purgative. It is common knowledge, however, that during the boom years of 1928 and 1929 the quoted prices of securities were almost incredible. Testimony before this committee reveals both the why and the how. The why is found in the enormous profits garnered by operators in the market. The how is arrived at by viewing the parade of pools, syndicates, trading accounts, etc., testified to by participants called before this committee. These individuals, working mostly under cover of secrecy, aided through campaigns of the most vicious type of mis-

representation and misinformation, and aided through being able to work with other people's money, manipulated the market up and down until the prices of securities reached on the exchange bore no discoverable relation to the value of the properties represented. The market was churned, supported, stabilized, depressed, revived, sagged, recovered in the course of developing a speculative mania.

Whereas the existence of such operations had been denied by officials of the New York Stock Exchange, subsequent testimony before this committee has established the fact that all these types of transactions were indulged in by individuals both off and having membership on the exchange. Even specialists on the floor managed trading accounts, pools, etc., in the very stocks for which they were acting as specialists.

Since the passage of the Securities Act the business of underwriting securities does not look so attractive as it did to many of the fiscal agents. The reason is that the security holders, prospective security holders, the general public, and the Government must know the facts—the truth. Above all they must know who gets the money and upon what terms he gets it.

The Securities Act was designed to protect the public from paying \$52 per share for 20-cent stock as a result of misinformation. Knowing the facts, it may, if it wishes, pay from \$50 to \$75 per share for 20-cent stock, or condone preferred lists. Nevertheless, it must have the facts in advance of its commitment. There will be no difficulty experienced in raising long-time funds on the part of legitimate enterprises which are guided by honesty and good faith. At the present time there is reason to believe that industry has been amply, even extravagantly financed. The trouble now, in part at least, even if it exists at all, is to find new industries offering safe and sound investment opportunities justifying credit.

To stockholders of those existing corporations alleged to be in need of new financing or refinancing, whose present officials and directors have refused to authorize such financing, my advice is: Get a new set of officers and directors who will state and subscribe to the facts.

Opponents of the Securities Act really wish to be left free to do as they have done in the past. They magnify penalties—as if the act would be worth anything without the penalties! They quail at the liability imposed. They seem to like scenic directors.

The attention of Government and of the general public must focus on worthless short selling, as it presently will assume alarming proportions.

In my opinion, Congress has ample legislative power, and a correlative duty to exercise that power, for the passage of proper regulatory stock-exchange legislation. The line of demarcation between stock-exchange regulations and that of the recently enacted Securities Act is relatively indistinct. For this reason I am not clear in my own mind just how close together the administration of these two pieces of legislation should be.

I am of the firm conviction, however, that some permanent body should be created with which all pertinent stock-exchange information should be filed, either directly or subject to its call, particularly the compulsory registration of all pools, syndicates, trading accounts, etc., together with the names of all participants and subparticipants, as well as a weekly report of the activities in behalf of such accounts.

To point out some of the possible correctives:

First of all, I suggest that the monetary policy of this Nation be administered by the Federal Government wholly independent of the control of speculators, bankers, and all vested interests. The sound recovery for which all constructive interests and interested persons are striving is a more substantial and healthier recovery than that which can be produced as a result of frenzied finance. An increased demand for products and services and sound securities is needed. Misinformation, rigging the market, and other customary practices of the past must not be tolerated.

Officials and directors ought to be prohibited by law from dealing in the securities of the corporation with which they are connected or affiliated. This kind of thing in the past has been scandalous, morally wrong, and injurious to the proper marketing or handling of securities. The broker can do comparatively little without the protection of bank or company officials who either control the supply of securities or the funds to create the demand for them. The broker acts on orders.

I believe there should be legislation requiring every company, corporation, or association to have its transfer books open to every qualified stockholder, so that should any stockholder want to know who his associates or partners in the business are he could obtain a full or partial list. The average stockholder knows practically nothing of what is going on and has no way of expressing his views to his fellow stockholders.

SUPPRESSION OF ILLEGAL NARCOTIC TRAFFIC—ADDRESS BY CHARLES H. SHERRILL

Mr. DAVIS. Mr. President, I ask unanimous consent to have printed in the *RECORD* an address broadcast February 24, 1934, by Hon. Charles H. Sherrill, former Ambassador to Turkey, which treats of the crusade against the illegal narcotic traffic by Mustafa Kemal.

I am sure my colleagues will be impressed with the gigantic strides Mustafa Kemal has made in transforming his nation from a once flagrant violator of narcotic-control

agreements into a consistent adherent to the policy of narcotic control and suppression.

There being no objection, the address was ordered to be printed in the *RECORD*, as follows:

Never before in the history of the world have the people developed such a wide demand for leaders, and never has that demand been met with fine leaders in so many countries. To prove this, one has only to mention Mussolini in Italy, Pilsudski in Poland, Horthy in Hungary, Mustafa Kemal in Turkey, and Gomez, the leader who recently paid off the entire foreign debt of Venezuela. And furthermore, never have such outstanding statesmen received more general support from their own people, and that too without implying their complete approval of the measures selected by those leaders to improve their people's conditions. And what about America? I am a Republican who has just returned from a stay in Washington, and the impression I bring away of my visit there is that the Democratic Party men at the Capital do not realize how widely the 16,000,000 Republicans who voted against Mr. Roosevelt in 1932 are now doing their best to back his gallant efforts to bring the country out of the crisis. Yes; America today widely respects the vigorous attempts of our Chief Executive, just as all over Europe the people are also supporting their leaders in the same course and for the same reason.

There is one very great cause which affords grounds for a great and noble crusade, and this is the overcoming of that scourge of mankind, the narcotics evil. That crusade deserves leadership of the very best sort, from men who will not only be followed by their own people at home but also who will deserve and earn international following. It is my purpose and privilege today to tell you of one of such leaders, Mustafa Kemal, President of the new Turkish Republic, a government which he created a decade ago out of the wreck of the old Ottoman Empire. He is not so well known in this country as he deserves nor as he is certain to be later on. It is both appropriate and useful that I tell you about him today, appropriate because he himself took such a magnificent step forward when Christmas Day 1932 he abolished opium manufacture in Turkey—and useful, because the details of that move of his show us how this crusade can be pushed in other lands without the danger to local agricultural and other interests so often insidiously alleged against our crusade by its clever opponents.

Just how great a statesman is this outstanding Turkish gentleman? When Litvinoff was recently in Washington, completing one of the most striking diplomatic triumphs of recent years, the gaining of recognition of the American Government for the Soviet regime in Russia, he was asked who, in his opinion, is the greatest statesman today in Europe. He made the picturesque reply, "The greatest European statesman today does not live in Europe—he lives across the straits in Turkey. His name is Mustafa Kemal." During 1932 and 1933 I had the honor to be the American Ambassador to Turkey, and, thanks to a biography of him which I was writing, was enabled to study him and his career in most advantageous fashion. I concur most heartily in the brainy Russian's characterization of that eminent Turk. Where else in Europe is there a statesman sufficiently far-sighted to make the decision Mustafa Kemal made after his complete defeat in 1922 of the Greek invasion of Turkey. He decided that exaction of war reparations from Greece was far less desirable than encouragement of cordial relations between the two nations, sure to lead to increase of commercial relations between them profitable to both sides. Furthermore, he felt that the payment of any such reparations so exacted by the victor would almost certainly be later on interrupted by the vanquished and in such manner as to arouse bad feeling between the parties destructive to any commercial advantage to either. I repeat, where in Europe is there, or, since the World War, has there been a statesman so far-seeing as this reveals the leader of the new re-Turkified Turkey?

And now let us see just how he effected the world-startling change in Turkey's attitude toward the manufacture of opium, in which she theretofore had so considerable a part. His action will help us to suggest similar ones by other nations. Study of reports on the world's opium trade such as those published by the narcotics section of the League of Nations at Geneva, or the Narcotics Bureau of our own Treasury Department, will show that Turkey was almost the worst offender in serving as a base for the illicit trade in opium. How great an offender appears from the fact that soon after Mustafa Kemal's gallant decision for Turkey at Christmas 1932 the price of opium increased many times in the United States. That increase proved clearly where the drug had been illicitly coming from.

One hears that only the week before that Christmas Day did he learn both of the rapidly increasing totals of arrests in Turkey for unauthorized sales of narcotics, but also of how Turkey's seemingly tolerant attitude toward that illicit trade was being viewed by the outside world. So distinguished a soldier as he doubtless saw at once the evil effects upon the Turkish youth, from which came his army's recruits, that spread of narcotic use would surely effect. But the president of a country 84 percent of whose citizens were engaged in agriculture must also have sensed what cruel damage the suppression of their innocent cultivation of the opium poppy and of Indian hemp (basis of hashish) would cause. Crusades must be destructive of evil, but should not be destructive of innocent farmers. What did he do? He unhesitatingly declared for the suppression of poppy and Indian hemp culture, but at the same time advising the Turkish farmers to substitute therefor the growth of sugar beets, the

Government aiding therein by erection at strategic points of sugar refineries best situated to purchase those beets from local farmers and refine the sugar therefrom. Thus another far-seeing fact was linked up with that move, for thus would Turkey be supplied by her own people with the sugar she was then importing from abroad. After two prolonged cabinet sessions, at which the nation's chief executive himself presided, instead of its usual presiding officer, there was broadcasted to the world late that Christmas Day one of the most beneficent Christmas presents the world has ever received. Turkey was removed from the world picture as a great opium-producing country and base for illicit trade therein. She cast her vote in favor of the League of Nations' 1931 Opium Convention, so that when the vote, a very close one, was counted on the final day, April 13, 1933, it was found that this splendid project had been ratified. One hears that when the following month delegates from all the fifty-odd countries convened at Geneva, the Turkish delegate was overwhelmed with congratulatory speeches from one after another of the delegates all eager to express admiration for this magnificent leadership of Turkey's President, Mustafa Kemal.

Official expression of America's reaction to the world-wide impression caused by this move of the Gazi's was voiced in the United States Senate by Senator JAMES J. DAVIS, of Pennsylvania, and printed in the CONGRESSIONAL RECORD, January 3, 1933, as follows:

"The world, and especially America, received this magnificent Christmas gift in the form of a ban on that day of the narcotic trade by President Mustafa Kemal, of Turkey. He presided over a cabinet meeting that closed the narcotic factories of Constantinople, and is limiting the poppy cultivation to meet medicinal opium needs. This makes the President of Turkey one of the outstanding leaders in the international narcotic war.

"This action is particularly significant to the United States, because in the past 2 years the unfortunate victims of this traffic in the United States have been entirely supplied from drugs which were the output of the three factories closed by the President of Turkey."

And how was the League of Nations, sitting at Geneva, impressed by the Gazi's splendid decision? That question is best answered by the following excerpt from the report it received from its own opium advisory committee to the League Council meeting held May 15 to 31, 1934:

"The committee took advantage of the presence of the representative of Turkey to express to him unanimously its great appreciation for the accession of Turkey to the conventions of 1912, 1925, and 1931 and for the measures taken by the Government in connection with the control of the cultivation of the poppy, the exportation of raw opium, the manufacture of narcotic drugs, and the prohibition of the cultivation of Indian hemp. It expressed also its appreciation of the increased activity recently displayed by the Turkish authorities in the suppression of clandestine manufacture of drugs at Istanbul."

Now that this crusade has earned and gained such splendid leadership at the very top, among the chief executives of so many nations, it behooves the rest of us more modest folk to exhibit the same high grade of leadership. We are told by those charged with the execution of antinarcotic laws that the first thing for us to achieve in this country is uniform State laws on the subject, and then more stringent municipal ordinances for our cities. I am glad to report to you that our New York State Chamber of Commerce has appointed a special committee on narcotics in order to work through our sister chambers of commerce in other States and cities for that very uniformity of laws and also municipal ordinances. A chamber is effectively strong if it succeeds in enlisting public opinion in its efforts on behalf of the people. For that reason we bespeak the good will and cooperation of all those who hear this broadcast in this particular endeavor of ours in this, our and your crusade, against the use of narcotics, the most insidious evil now menacing our body politic.

UNIONIZATION OF AUTOMOBILE INDUSTRY

Mr. LOGAN. Mr. President, I ask permission to have printed in the RECORD an editorial entitled "A Parting of the Ways", which appeared in the Ashland (Ky.) Daily Independent of March 21, 1934.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Ashland (Ky.) Daily Independent, Mar. 21, 1934]

A PARTING OF THE WAYS

These are perilous times in American industry and American life.

The process of recovery has so far taken place because of the cooperation of both capital and labor to that end. So long as a balance was kept by give-and-take, mutual sacrifice and mutual cooperation, this has continued.

Now the American Federation of Labor attempts to leap into the saddle forcibly with a demand for complete union control of the Nation's busiest industry. The alternative is a strike of vast proportions that would tie up the one business that has led the way toward recovery in the last 4 months.

Hundreds of thousands of satisfied workmen, who desire only to be left alone to support their families, do their work, and enjoy life, would thus be thrown out of employment. The effects of the strike would be felt by millions of people employed in dozens

of industries. This includes steel, the continued production of which is so vital to recovery here in Ashland.

The point at issue is not one of hours, nor of wages, but of ultimate control of the industry itself. The American Federation of Labor insists upon complete unionization of the automobile business, with a general strike as the alternative. The automobile manufacturers refuse to yield control of the business which they have built and developed to paid union executives who did not build nor develop it.

On the top of this danger is the threat of the Wagner bill in the Senate, which would make unionization imperative in all American industry. This would be done by legislative mandate and would force the country's 40,000,000 workers into union membership whether they desired it or not.

Just at a time when recovery seemed to be an accomplished fact the leaders of the American Federation of Labor decide to get all the workers of the Nation into their paying membership, or to tear down the whole fabric of recovery with general strikes if their demands are not met. Further to cinch their absolute rule over the Nation's industry, they seek to force through Congress the Wagner bill, which would legalize and perpetuate their control.

The Nation has gone along with the new deal and accepted and adopted with zeal many principles and formulas, emanating from the halls of Columbia University and totally foreign to American ideals of freedom, without question or quibble. But unless the swing to communism is halted somewhere within the range of reasonable ideas of justice and liberty the Nation itself will balk. We are not ready for a dictatorship of radical and self-seeking walking delegates any more than we were willing to stand for a dictatorship of the power of wealth and entrenched privilege, such as brought us to our fall 4 years ago.

Fair hours to admit a maximum of employment, fair compensation for labor to give all a living wage with something over, the right of workers to bargain collectively, the elimination of cut-throat competition, all these are worthy ends, at least partially achieved. Complete dictatorship over privately owned industry by the American Federation of Labor is another thing entirely. Its leaders did not build it and are not equipped to rule it, either by training or by ability.

If our Senators and Representatives are wise, they will defeat the Wagner bill in spite of all pressure. It provides for worse than communism. Its provisions are the antithesis of Americanism.

REGULATION OF THE COTTON INDUSTRY

Mr. ROBINSON of Arkansas. Mr. President, Senators in charge of the conference report on the independent offices appropriation bill are not ready at this juncture to proceed; so I suggest that the Senate proceed with the consideration of the unfinished business.

The Senate resumed the consideration of the bill (H.R. 8402) to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes.

Mr. BANKHEAD. Mr. President, the objective sought by this bill has been under consideration for several years. The first bill introduced by me when I came to the Senate, shortly after I arrived here, was based upon the same principle contained in this bill. On two previous occasions I addressed the Senate on the principle of this bill.

I mention those facts to indicate that this is not a hurriedly prepared program, but is one that has grown out of long consideration and thorough discussion through all sections of the Cotton Belt, especially during the past 12 months.

The object sought to be accomplished by this bill is to make definite and certain a reduction in the present abnormal and price-depressing surplus or carry-over of cotton. We are seeking, if possible, to bring the price of our money commodity—practically the only money commodity produced in the South—to a fair exchange value with other commodities. The fair exchange value or parity at present would be about 15 cents a pound.

I think it is recognized by all students that the largest factor in the price of any commodity is the relation of the supply to the effective demand of the market for that commodity. So long as we have a carry-over which approaches the one now on the markets, it will be impossible, under all well-recognized trade laws, to bring about a fair exchange price for cotton.

At present the carry-over of cotton is nearly 12,000,000 bales. The world consumption of American cotton for 1931 and 1932 averaged a little under 12,000,000 bales. Our sur-

plus of cotton last year reached the staggering figure of 13,000,000 bales. In fact, there was in the warehouses of the spinners of the world and the cotton merchants a supply of cotton sufficient to supply the entire consumptive demands for American cotton for a full year if not a single stalk of cotton had been produced.

Mr. VANDENBERG. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER (Mr. BLACK in the chair). Does the Senator from Alabama yield to the Senator from Michigan?

Mr. BANKHEAD. Gladly.

Mr. VANDENBERG. Do I understand that this enormous surplus results in spite of the plow-under campaign?

Mr. BANKHEAD. I will come to that, Mr. President.

Mr. VANDENBERG. I beg the Senator's pardon.

Mr. BANKHEAD. I shall be glad to come to that.

The pre-war period of 1909 to 1914 is generally accepted by economists as presenting the best period representing a fair exchange value of all commodities, industrial and agricultural.

Mr. NORRIS. Mr. President, will the Senator yield there?

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Nebraska?

Mr. BANKHEAD. I shall be glad to yield.

Mr. NORRIS. I am very much interested in the figures the Senator gives; but he always couples them with the qualification that they represent the American supply. How much of the cotton used by the world is produced outside the United States?

Mr. BANKHEAD. America produces about 54 percent of the world's supply of cotton.

Mr. ROBINSON of Arkansas. Mr. President, may I ask the Senator in that connection what is the relation between domestic consumption and export cotton?

Mr. BANKHEAD. We consume in this country about 40 percent of the American production. We look to foreign markets for the sale of about 60 percent of our entire cotton production.

During the pre-war period—which, as I have just stated, represents the best period of fair exchange prices—the average carry-over for the 5 years involved in that period was 3,132,000 bales. Since that time, as Senators will observe, that carry-over went up to 13,000,000 bales last year, and now is 11,750,000 bales.

I have here a table, which I will ask to have inserted in the RECORD, showing the carry-over of American cotton from 1928 to 1933. I ask to have it printed at this point in my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

The table is as follows:

Carry-over Aug. 1

Pre-war	3,132,000
1928-29	5,206,000
1929-30	4,517,000
1930-31	6,187,000
1931-32	8,919,000
1932-33	13,228,000
1933-34	11,754,000
Average production	15,155,000
Consumption 1929, 1930, and 1931	12,213,000

Consumption figures taken from 1933 Yearbook of New York Cotton Exchange.

Mr. BANKHEAD. In 1929, 1930, and 1931 the average production of American cotton was 15,155,000 bales. The average consumption for the same period was 12,213,000 bales. In other words, for 3 years the average production each year was nearly 3,000,000 bales more than the average consumption of cotton. That accounts for the very large surplus that has prevailed since 1931, increasing in 1932 to 13,000,000 bales, and now is still nearly 12,000,000.

The Senator from Michigan [Mr. VANDENBERG]—and I am glad to have any questions on this subject which occur to the minds of Senators seeking information—inquired if this surplus continued notwithstanding the plow-up campaign. The plow-up campaign did not bring about the amount of

reduction that its advocates hoped for. The actual production after the plow-up campaign was practically the same as it was the year before, 13,000,000 bales.

That crop, however, as is recognized everywhere in the South, was the result of the most ideal weather conditions, almost, in the recollection of the oldest people of the South. It is now known, may I say to the Senator from Michigan, that if we had not had the plow-up campaign, our surplus would have been increased by four and a half million bales of cotton.

In short, while we did not get the relief for which we hoped by reason of weather conditions, we did get relief in a way that absolutely saved the situation in the South. With a 17,600,000-bale crop, which would have been produced but for the plow-up campaign, we would have been here today confronted with a carry-over not of 12,000,000 bales but of approximately 17,500,000 bales; and if we could have sold that seventeen and a half million bales at all last year, with a 13,000,000-bale carry-over, we would have sold it at 3 or 4 cents a pound.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. BANKHEAD. Gladly.

Mr. VANDENBERG. This is the matter in which I am interested, and I know the Senator can illuminate the subject:

We paid enormous benefits to these cotton planters in the expectation of a good-faith effort to reduce the acreage by one third through this program. What I desire to know is whether or not it is possible to have a program of that character actually developed in good faith; and my question is addressed to this proposition, if the Senator will permit me.

I read a statement somewhere that the Southern Railway had declared that during the last crop season it carried four times as much fertilizer in the Southern States as ever before; and I was wondering if that disclosed the fact that the moment the total acreage was reduced there was an intensified production on the remaining acreage.

Mr. BANKHEAD. I shall be very glad, indeed, to deal in perfect frankness with the Senator on that subject. I think the Senator will recognize that it is human nature, it is inherent in all of us, to deal as best we can with our own personal problems without violating an express contract.

It appears that around 90 percent of those formerly producing cotton have entered into acreage-reduction contracts. Those of us who are familiar with the situation know that the farmers will reduce their acreage, because it necessarily will be policed; but that phase of the program will be carried out in perfect good faith by those who have entered into the contract. We have no sort of doubt about that. We recognize that in good faith they plowed up their acreage last year, and we are sure that those who signed the contracts this year will limit their planting to the number of acres retained by them under the contracts. But notwithstanding the most perfect good faith in the matter of the number of acres planted to cotton, I know, and others know, that each farmer on his 6 acres out of 10 is doing everything he knows how to do to grow as much cotton on his particular 6 acres of land as was grown last year and in prior years on the 10 acres of land. That is a situation which no one can control; it is a situation which does not violate the letter of any contract. That is the situation, may I say to the Senator, which makes the adoption of a baleage limitation, in addition to the acreage reduction, absolutely essential if we are to secure relief in the matter of reducing our enormous surplus of cotton.

Mr. BORAH. Mr. President, I am frank to say that I am not very familiar with the bill, having read it only last night, but as I understand, the bill deals alone with the question of cotton baleage; it does not undertake to deal with acreage?

Mr. BANKHEAD. Not at all.

Mr. BORAH. An individual may raise the cotton if he desires, but he is limited to selling only so much?

Mr. BANKHEAD. That is correct.

Mr. BORAH. Then this bill has for its purpose really, for want of a better term, coercing the minority who have not signed the acreage-reduction contracts?

Mr. BANKHEAD. I will say to the Senator that it is not limited to those who have not signed up on the acreage-reduction proposition. The cooperating and the noncooperating farmers get an allotment on exactly the same basis. I have taken the position all along that even if 100 percent had signed the acreage-reduction contracts, this bill would be an absolute necessity in order to bring about, assuming average weather, a definite and certain reduction in the surplus of cotton.

Mr. BORAH. I have seen a statement—in fact, it came to me in a letter from the South—that this would likely lead to production, although the producer could not sell; that it would enable speculators, those who would be in a position to hold the cotton, to control the surplus.

Mr. BANKHEAD. How would the speculators get it if the producer could not sell it?

Mr. BORAH. He could sell it to the speculators, could he not?

Mr. BANKHEAD. If he could sell to the speculators, he could sell to the market. But under this bill the only way he could sell his cotton would be by paying his tax on it.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. McNARY. It would apply to that part of the cotton which enters into interstate commerce. That part of the baled cotton which is deposited in warehouses could be sold without the payment of any tax, and remain there, until the expiration of the period provided in the law, or the failure of the law. Is not that true?

Mr. BANKHEAD. This proposed legislation is not based on the principle contained in the original bill which I introduced and with which the Senator is familiar. The original bill, introduced by me 2 or 3 years ago, and which the Senator heard me discuss here, was based solely on the power of Congress to regulate interstate commerce, and it was to avoid undue burdens on it. It required a license based upon the quantity of cotton going into interstate commerce. This bill is along entirely different lines and is based upon the same principle underlying the oleomargarine law, with which the Senator is familiar, and which he so long supported; that is, the imposition of a tax upon cotton, with certain exemptions justified under the income tax law, and all other decisions on the subject of taxes permitting exemptions.

Mr. McNARY. I understand the Senator's statement as applied to this particular situation. He says now the production would be limited to 10,000,000 bales in the crop year 1934-35. Ten million bales is the total number that may enter interstate commerce.

Mr. BANKHEAD. It does not make any difference whether they enter interstate commerce or not.

Mr. McNARY. The balance in excess of 10,000,000 bales may enter interstate commerce, but must pay a prohibitive tax, namely, 50 percent of its value, in no case less than 5 cents a pound. So there is an inhibition against the free movement of cotton in excess of the quantity which it is specified by this bill should be raised, namely, 10,000,000 bales.

Mr. BANKHEAD. That is exactly what I am driving at.

Mr. McNARY. The Senator may be.

Mr. BANKHEAD. I want to limit it to 10,000,000 bales, and, if I had my way, I would make it 9,000,000. I think 10,000,000 is entirely too much.

Mr. McNARY. I was trying to travel in a more direct route in order to answer the interrogatory propounded by the Senator from Idaho. A speculator, an investor, could acquire stored cotton, which does not move in interstate commerce, and hold it there until the expiration of the proposed law, or the exposure of any fallacy it may contain, and then he could obtain the advantage of the purchase. That is the proposition made by the Senator from Idaho.

Mr. BANKHEAD. Let me say, in answer to the Senator, that, in the first place, the speculator could not acquire the cotton without paying the tax because the tax must be paid

before the cotton can be sold or transported in any way under the provisions of the bill. Then why would there be any profit in the program for the speculator in buying, except such buying as speculators do in the normal and usual course of business, when no such measure as this is upon the statute books?

In the second place, let me ask the Senator this question. If there may be a million or so bales of cotton upon which some speculator, or a number of speculators, might make some profit after paying the tax, I want to ask the Senator whether for that reason he would be willing to penalize all of the cotton producers in the South, when their very life and the destiny of the whole section depend upon a fair price for the 10,000,000 bales of cotton?

If the Senator is so anxious that those speculators shall not make a profit, after paying the tax fixed by the law, that he is willing to leave this terrible burden upon the price of cotton and make it almost impossible, as we believe, for the farmers to get a fair price for the 10,000,000 bales of cotton, then I must admit that I cannot follow his philosophy.

We are working here for the good of the great masses of the people in that great section, and I am sure that no one is going to be deterred from that great objective by a suggestion that a speculator might make a little profit here and there.

Mr. McNARY. Mr. President, will the Senator yield further?

Mr. BANKHEAD. I yield.

Mr. McNARY. I am not interested in speculators. I was trying to answer the question propounded by the Senator from Idaho. What I want to know—and I am asking the question good naturedly and in order to get the expression of the Senator—is whether he means by this bill to supplement the law which involves the removal of excess acreage under the A.A.A. Last year, according to a statement I have from the Department of Agriculture, 10,000,000 acres were removed from production, which caused the price level of cotton to be raised from about 4 cents to an average of about 9 cents. A hundred million dollars was paid to the cotton producers of the South as benefits under that law, with 100-percent increase in price level, with a 25-percent decrease in acreage.

This year they contemplate a decrease in the acreage of 5,000,000 acres more, making 15,000,000 acres, and it is thought that the price level will probably advance 4 or 5 cents a pound, with increased benefits in the South amounting to \$135,000,000, according to the estimate of the Department of Agriculture. I thought—and I will say to my friend from Alabama—that when we passed the Agricultural Adjustment Administration Act last spring it was thought by the committee—and by the Congress—that it would give the cotton man all the benefits he desired, and those benefits he has been receiving have been reflected in a higher price level and a hundred million dollars in direct cash benefits. Now, I am asking the Senator whether he is dissatisfied with that effort on the part of Congress, and whether he means, by compulsion, to supplement that act by his own measure, which will force production to be limited to 10,000,000 bales, irrespective of the processing tax and the voluntary character of the present statute?

Mr. BANKHEAD. I think the Senator's question answers itself when he sees me here advocating this bill. Why is he asking the question?

Mr. McNARY. I think I can answer it, and I think I have done so. Is it the desire of the Senator and is it his opinion that Congress should take this other step in addition to that which has been taken and place a law back of the Federal Government compelling a majority of the owners, or two thirds of the owners, irrespective of their views, to meet the requirements of his bill? Is that the purpose of the Senator?

Mr. BANKHEAD. Mr. President, the purpose of the bill is to limit the number of bales that may be sold in the market free from the payment of tax. As I have endeavored to explain in answer to the question of the Senator from

Michigan [Mr. VANDENBERG], we recognize that an acreage reduction of cotton does not assure and guarantee a reduction of the number of units to come from that crop. It may be difficult for Senators from other sections of the country to realize that situation as we do, because their agricultural crops do not vary so much in the amount of production as does cotton, as a result of intensive cultivation, and the use of high-grade and high-priced fertilizer, or any other kind of fertilizer.

We in the South recognize, may I say to the Senator, that in the matter of cotton, as I stated a while ago, assuming the same weather conditions, by intensive cultivation, by placing the rows closer together and using more fertilizer, as now is being planned to be done in many sections, by retention of the best cotton acreage in the 60 percent retained by the cotton growers, and other methods of that kind, that we will not get, with any definiteness and any certainty, the reduction that the statistical position of cotton demands, and for that reason we are seeking here to put into legal effect and legal operation the implied agreements of the farmers who have reduced their acreage by 40 percent of their acreage under their agreement with the Government.

The theory of the cotton-reduction contract is that there will be a reduction of 40 percent in cotton production. The grower will use 60 percent of the land used over the previous 5-year average, because that is his acreage arrangement. We are by this bill proposing that the grower's reduction to 60 percent shall also apply to the number of bales that he shall sell in the market this year.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER (Mr. BLACK in the chair). Does the Senator from Alabama yield to the Senator from Idaho?

Mr. BANKHEAD. I yield.

Mr. BORAH. As I understand, the Senator, speaking of the legal proposition involved, does not rely upon the interstate-commerce clause for full authority for the bill?

Mr. BANKHEAD. No, Mr. President; I do not. I rely upon the taxing power. I think the interstate-commerce clause helps it.

Mr. BORAH. Yes; but the Senator does propose to deal with cotton which never enters into interstate commerce?

Mr. BANKHEAD. Oh, yes; with respect to the tax.

Mr. BORAH. Yes.

Mr. BANKHEAD. But I will say to the Senator, if he will permit me at that point, that practically all cotton, or its manufactured products, moves into interstate and foreign commerce.

Mr. BORAH. Yes; but the Senator is not relying upon the interstate-commerce clause?

Mr. BANKHEAD. Not entirely; no. I said I thought it added strength.

Mr. BORAH. Yes. But the Senator is using the taxing power for the purpose of reducing the amount of cotton which may go into the market?

Mr. BANKHEAD. It will have that effect.

Mr. BORAH. That is what the Senator is seeking to accomplish?

Mr. BANKHEAD. Yes; exactly. Exactly the same as the oleomargarine tax which was imposed upon that product.

Mr. BORAH. I cannot quite agree with the Senator.

Mr. BANKHEAD. The Senator from Idaho is a frank man and familiar with that question. I will ask him, why was it imposed?

Mr. BORAH. The taxing power with reference to oleomargarine, in my judgment, went to the very limit; but here—

Mr. BANKHEAD. I will say, Mr. President, its purpose was to limit the amount and almost prohibit, if possible, the amount moving in interstate commerce.

Mr. BORAH. No; the question of deception in that case entered into the question. The question was that of fraud.

Mr. BANKHEAD. That was the legal question; that was the justification legally for the act, but what was the purpose of the advocates of the oleomargarine act? I am get-

ting at the purpose of it. I know the Senator from Idaho is a frank man.

Mr. BORAH. The Senator from Idaho did not support the oleomargarine act, so he is not defending it. But I think it clearly distinguishes oleo from the proposition here.

Mr. BANKHEAD. The Senator was here and knows the purpose of the advocates of the act.

Mr. BORAH. I am considering the bill now under consideration. I first want to know what the purpose of the bill is. As I understand, the Senator departs from the interstate commerce clause and relies in part upon the taxing power of the Government.

Mr. BANKHEAD. I rely upon both.

Mr. BORAH. And the Senator uses the taxing power for the purpose of reducing the acreage?

Mr. BANKHEAD. No; I do not.

Mr. BORAH. For the purpose of reducing the amount of cotton that may come into the market?

Mr. BANKHEAD. Yes; that may be sold in the market free of the tax.

Mr. BORAH. In other words, when the cotton market has received a certain amount of cotton, the Senator then proposes to lay on a tax to prevent any more cotton from entering the market?

Mr. BANKHEAD. We lay a tax on it all, but exempt a certain part of it.

Mr. BORAH. Yes; I understand that.

Mr. BANKHEAD. We want to be legally accurate while we are discussing the legal phases of it.

Mr. BORAH. We also want to be entirely legally sincere.

Mr. BANKHEAD. Yes.

Mr. BORAH. One is the same as the other. I understand, therefore, and I take it that from a legal standpoint the Senator is relying upon the taxing power rather than the interstate commerce clause?

Mr. BANKHEAD. I attach more importance to the taxing power, frankly, yes.

Mr. BORAH. The Senator attaches more importance to the taxing power.

Mr. KING. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. KING. The Senator then accepts not only the dictum but the philosophy and statement of a great Chief Justice that "the power to tax is the power to destroy", and he wants to destroy the production of cotton by taxation?

Mr. BANKHEAD. I think that question is so absurd that there is no occasion to try to answer it, I will say to the Senator. He is speaking of the case of someone who is trying to destroy, whereas I am trying to build up.

Mr. KING. As I understand the Senator—if he will pardon me for a further question—his effort is to destroy production above 10,000,000 bales, and destroy it by invoking the taxing power of the Government?

Mr. BANKHEAD. I am not trying to destroy it. I am trying to discourage people from entering upon the production of it.

Mr. President, this is a serious program from the standpoint of not only the people of the South but of the whole country. Unfortunately, we do not engage in general industrial production, except in a few small centers, in the Cotton Belt. Nearly everything of an industrial character that is consumed in the South is manufactured in the industrial sections of this country. The southern people get no money from outside their section for industrial products. We produce nothing of that character that brings a flow of cash into the Cotton Belt.

I asked the president of the Tennessee Coal, Iron & Railroad Co., the greatest industrial unit in all the South, owned by the Steel Corporation, what proportion of all the manufactured products of that great plant at Birmingham was sold outside the Cotton Belt, and through that channel brought money into the Cotton Belt, and to my great surprise he told me that only 15 percent of all their products moved outside the Cotton Belt.

So, when a sufficient amount of money does not move into the great Cotton Belt, our people are unable to patron-

ize the industries which are located in the sections represented by the gentlemen on the other side of the Chamber.

In 1932 the entire cotton crop brought only \$397,000,000.

In 1919 it brought \$2,000,000,000.

In 1929, which was the last year before the depression, it brought \$1,245,000,000.

Just think of practically the total crop of the great Cotton Belt, reaching from southern Virginia to southern California, having its income reduced from \$1,200,000,000 down to less than \$400,000,000.

Mr. VANDENBERG. Mr. President—

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Michigan?

Mr. BANKHEAD. I yield.

Mr. VANDENBERG. With great sympathy for the Senator's section, may I not inquire whether that is not almost the percentage of the total reduction in the national income during those periods?

Mr. BANKHEAD. I think the reduction with respect to the price of cotton is a greater proportion of reduction than the average. There are some agricultural commodities in respect to which the reduction of income is as great as in the case of cotton. I desire to say to the Senator from Michigan, however, that as a member of the Senate Committee on Agriculture I have stood, and every member of that committee knows that I have stood, with an open willingness to promote any agricultural program for the benefit of agriculture in any section of America that may be agreed upon by those who represent the producers in such agricultural section. My heart is with them. My judgment is with them.

I know, as I am sure the Senator, great man as I recognize him to be, must know, that until we return purchasing and debt-paying power to the great mass of agricultural producers in America, wherever they may be located, we cannot bring a return of prosperity, and we cannot have consumption of the products of industries scattered throughout America.

We have developed a concrete program for cotton, and we are not proposing to raid the Treasury on account of it—and I will come to that directly—but we have developed it as we developed the plow-under campaign, as we developed the 10-percent-loan plan, because we were looking after that particular commodity, for we represented the people who were producing it.

Mr. DIETERICH. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Illinois?

Mr. BANKHEAD. I am glad to yield to the Senator from Illinois.

Mr. DIETERICH. As I understand, the Senator is in entire sympathy with the acreage-reduction plan as applied to cotton?

Mr. BANKHEAD. That is true.

Mr. DIETERICH. How does the Senator reconcile that position with section 8 of the pending bill, to which I call attention, and in which it is provided:

Whenever an allotment is made pursuant to section 3, not to exceed 10 percent of the number of bales allotted to each State shall be deducted from the number of bales allotted to such State, and allotted in such State—

(a) To producers of cotton on farms where for the preceding 3 years less than one third of the cultivated land on such farms has been planted to cotton;

(b) To producers of cotton on farms not previously used in cotton production;

(c) To producers of cotton on farms where for the preceding 5 years normal cotton production has been reduced by reason of drought, storm, flood, insect pests, or other uncontrollable natural cause; and

(d) To producers of cotton on farms where for the preceding 3 years acreage theretofore planted to cotton has been voluntarily reduced so that the amount of reduction in cotton production on such farms is greater than the amount which the Secretary finds would have been an equitable reduction applicable to such farms in carrying out a reasonable reduction program.

I will ask the Senator if that is not directly an encouragement to increase acreage for the raising of cotton on lands which were previously taken out of the production of cotton.

Mr. BANKHEAD. I will answer the Senator in this way: Section 8, as the Senator will note, does not increase the quantity of cotton production, which is fixed at 10,000,000 bales. It simply sets aside where the administrative officials decide it should be done a percentage of that allotment for other purposes which the Senator has indicated.

Mr. DIETERICH. If the Senator from Alabama will pardon me, the other purposes are to provide compensation and to bring within the provisions of the proposed act those lands and those classes of farmers who have voluntarily reduced their acreage or whose farms have not been used for the production of cotton.

Mr. BANKHEAD. Mr. President, if the Senator will read carefully the grounds for the additional allotment he will see that the 10 percent is not an increase in the total cotton production authorized by the bill. A part of that 10 percent is utilized to remedy inequitable conditions, such as where there has been drought, where there has been devastation by insect pests, where there have been storms, excessive floods, and during such periods there has not been a fair representative average. In those contingencies a part of this 10 percent can be taken to build up the units in such territory which may have been thus affected.

In addition to that, there is the small farmer who has been producing, say, one bale of cotton a year—and there are many of them, as there are a great many who produce two bales of cotton a year. In our desire, may I say to the Senator from Illinois, to treat with every possible liberality the little man, the small producer, and to be as helpful to him as we could, we have incorporated in the bill the provision which authorizes a reduction in the number of bales which may be produced here and there by what is known as the "cotton hog", the planter who plants nearly a hundred percent of his land in cotton.

It takes away from him, to a limited degree, not to exceed 10 percent of the total, which is put into this small pool from which to make fair and just and humane allotments to the small farmer, to the little fellow, to the man who has suffered from drought, and so forth, and here and there to give to the man who has planted no cotton at all, as the result of the exceedingly low price that cotton has been bringing during the last few years and who has, therefore, been devoting himself to other agricultural activities, a bale or two of the 10,000,000 bales of cotton authorized. So we regard that as a humane provision of this bill, one that will remove injustices from the small man and in no way afford encouragement to a larger acreage and a larger production of cotton. That is the purpose, may I explain to the Senator?

Mr. BAILEY. Mr. President—

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from North Carolina?

Mr. BANKHEAD. I do.

Mr. BAILEY. I should like to ask the Senator to be good enough, if he will, to address himself to the question of the power of Congress, either directly or through the Department of Agriculture, to determine for the farmers how much cotton they may gin and sell or to allot to them a certain amount. I should like to hear that question discussed.

Mr. BANKHEAD. I will say to the Senator that I have not brought a brief here. If he will read the opinion which has been printed in the CONGRESSIONAL RECORD, I think, of March 8, and which I had incorporated in the RECORD for the benefit of Senators who are interested in the legal aspects of the case, I think that his mind may be satisfied on that point.

Mr. BAILEY. Mr. President, will the Senator discuss that opinion at this time?

Mr. BANKHEAD. I will just say, Mr. President, that at this time I do not wish to go into a discussion of that branch of the subject. It might take an hour's time to discuss its constitutional phase. I wish to say that the power to levy a tax, which is the method of compulsion, if it may be so called, in this bill is analogous to the power sustained in the *McCray case*, known as the "oleomargarine case", in which

the Supreme Court held that the power to tax was an express and specific power given by the Constitution to the Congress of the United States and that the courts would not seek to supervise the purpose and objective of Congress in levying a tax which it is authorized to levy.

Mr. BAILEY. Mr. President, let me ask the Senator another question. Is not that precisely what the Court did do in the *Dagenhart* case and in *Bailey* against *Drexel*? Did not the Court hold in *Bailey* against *Drexel* that since the tax levied under the child-labor enactment on goods in interstate commerce was not for revenue but for the purpose of preventing child labor, it was void for being unconstitutional?

Mr. BANKHEAD. Mr. President, in the *Dagenhart* case, the child-labor case, the Court held that the tax was a direct tax upon production; that it was a specific and direct effort to regulate under the local police power the persons who should work in production, I believe, below a certain age. In that case the Court, by divided opinion of 5 to 4, held that the tax related, as I say, directly to production. The law put an income tax of 10 percent upon the net income of any employer for a year who employed for 1 hour during the year a child below the prescribed age. That is a correct statement, is it not, may I ask the Senator from North Carolina?

Mr. BAILEY. I do not think that is precisely correct. I will read portions of the case later on.

Mr. BANKHEAD. Very well. That was so patently direct legislation to control persons who engage in production that the Court held that it was not, in its true sense, the levying of a tax but was nothing more, as the majority held, than an effort to supersede the police power of the State in the effort to regulate the age of children who could work in industry.

This bill does not propose a tax on production; it proposes a tax on the sale of cotton; but even if it were a tax on production, Mr. President, it is exactly like the oleomargarine tax. The law in that case levied a direct tax of 10 cents a pound on oleomargarine that was colored, and one quarter of 1 percent a pound on oleomargarine uncolored. In the decision in that case, which I have here, it was held:

The oleomargarine act of 1886 (24 Stat. 209), as amended by the act of 1902 (32 Stat. 93), imposing a tax of one quarter of 1 percent on oleomargarine not artificially colored any shade of yellow so as to look like butter and 10 cents a pound if so colored, levies an excise tax and is not unconstitutional as outside of the powers of Congress, or an interference with the powers reserved to the States.

That was the point—the exercise of local police power under which the *Dagenhart* case was decided, that in that case there was an interference with the powers reserved to the States.

Nor can the judiciary declare the tax void because it is too high nor because it amounts to a destruction of the business of manufacturing oleomargarine, nor because it discriminates against oleomargarine and in favor of butter.

So I submit that if the tax provided in this bill is not valid, it is necessary for the Supreme Court of the United States to overturn its decision affirming by a unanimous Court the legality of the tax upon oleomargarine.

Mr. BAILEY. Mr. President—

The PRESIDING OFFICER. Does the Senator from Alabama yield further to the Senator from North Carolina?

Mr. BANKHEAD. I yield.

Mr. BAILEY. I understand the Senator refers the bill and his argument to the oleomargarine case. That is set forth in One Hundred and Sixty-fifth United States Reports, page 526. Permit me to read to him from that case:

The oleomargarine legislation does not differ in character from this, and the object is the same in both, namely, to secure revenue by internal taxation and to prevent fraud in the collection of such revenue.

Very clearly the Court held in the oleomargarine case that that was a revenue act, and the machinery, by way of a stamp and a label, was for the purpose of preventing fraud. Will the Senator undertake to explain to me how he refers the pending bill to the law in the oleomargarine case in view of the plain statement of the case which I have just read?

Mr. BANKHEAD. I have not had an opportunity to examine the case referred to by the Senator from North Carolina.

Mr. BAILEY. It is in re *Kollock*, at page 526 in volume 165 of United States Reports. It is an opinion by the late Chief Justice Fuller.

Mr. BANKHEAD. I have not had an opportunity to read that case and therefore it is impossible for me at the moment to comment on it.

Mr. BAILEY. The Senator has repeatedly referred this bill to the oleomargarine case.

Mr. BANKHEAD. Is that the oleomargarine case?

Mr. BAILEY. Yes; it is.

Mr. BANKHEAD. The *McCray* case?

Mr. BAILEY. The *Kollock* case.

Mr. BANKHEAD. I am talking about the *McCray* case.

Mr. BORAH. That is in One Hundred and Ninety-fifth United States Reports.

Mr. BANKHEAD. Yes; the *McCray* case, the one about which I am talking, will be found in One Hundred and Ninety-fifth United States Reports. I hope the Senator from North Carolina will read it.

Mr. BAILEY. Mr. President, since the Senator is relying on the *McCray* case, I shall be glad if the Senator will state to the Senate the facts in that case.

Mr. McNARY. Mr. President—

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Oregon?

Mr. BANKHEAD. I yield.

Mr. McNARY. The Senator is referring to the oleomargarine case which had to do with legislation which came from the Committee on Agriculture and Forestry. I am sure the Senator is conversant with that legislation, which was founded upon the idea of preventing fraud, as many other legislative enactments have been based upon the same philosophy. The incidental power is to collect taxes as a part of the revenue.

In the case of the pending bill, its philosophy is based, not upon the collection of revenue, because none is anticipated other than in the nature of a penalty, but upon an effort to control production, which wholly, in my opinion, distinguishes and differentiates the bill from the oleomargarine law which the Senator attempts to cite as a precedent. That act and the bill now pending are on wholly different lines of philosophy.

Mr. BANKHEAD. I have been unable to find any statement upon which the Court based its decision or any reasoning upon which it reached its conclusion growing out of the collection of any revenue under the oleomargarine law.

Mr. McNARY. I am not familiar with that case; but to understand a case and apply the law, I think it is necessary to understand the philosophy upon which it is constructed. The object of the oleomargarine law was to prevent a substitute, such as oleomargarine, a substitute which cannot be detected by the eye, from being sold as butter. Therefore, the Congress, in order to prevent fraud and deception and deceit, enacted that law. The courts have upheld it upon that plain right of power. Incidental thereto is the collection of revenue. Those are the two propositions upon which the oleomargarine law and similar statutes are founded.

In this case, if the Senator has presented it properly, he is attempting to limit acreage and, therefore, affecting compulsory crop production by taxation.

Mr. BANKHEAD. No; I am not attempting to limit production.

Mr. McNARY. That is what the bill provides as I read it.

Mr. BANKHEAD. There is nothing in it about limiting production.

Mr. McNARY. It is true there is no restriction or inhibition against the raising of 10,000,000 bales of cotton during the crop year 1934-35. That may be done, and that cotton when baled may be ginned without any tax being levied at all.

Mr. BANKHEAD. That is true.

Mr. McNARY. All production in excess thereof, however, must pay a tax equal to one half the value of the cotton at

the nearest market sales agency, and in no case less than 5 cents a pound. That is a tax to be covered into the Treasury of the United States. That is a penalty to prevent an excess production of cotton.

Then there is a further provision that the producer, if willfully attempting to produce and put into interstate commerce more than his allotment, may be imprisoned or fined, or both, in the discretion of the court.

If that is not clearly an effort through compulsion to limit production, then there is nothing in the Senator's bill supplementary to the Agricultural Administration Act which was passed last April and is now on the statute books.

It is clear to me that the philosophy upon which the oleomargarine legislation was based is wholly different from that of the pending bill, involving compulsion by the levying of a tax upon that which does not enter into interstate commerce. That which enters into interstate commerce goes without the tax. That which is produced in excess thereof is subject to the tax.

Therefore the Senator is trying to apply a punishment in the way of taxation to prevent production. If that is not the object of the bill, then I do not understand it, and I do not understand its philosophy.

Mr. BANKHEAD. I am sure the Senator from Oregon recognizes, because he was here and took an active part in the consideration and enactment of the oleomargarine legislation, that the sponsors of that legislation did not have in mind the welfare of the Treasury of the United States. I think the Senator will admit that.

Mr. McNARY. I stated it was incidental always, but the legislation was enacted in order to prevent deception and the practice of fraud in the sale of articles of food that resemble in physical appearance butter, a product of the cow.

Mr. BANKHEAD. I am sure the Senator from Oregon recognizes that the purpose of the sponsors of that bill was to limit, as far as they could under the tax, the sale of that type of oleomargarine, not because of the fraud that might be involved but to prevent the sale of a commodity which came in competition with other commodities in which they were interested. Let us be frank about it. I am sure that no one who took part in the enactment of that legislation will deny that statement. The sponsors of the bill were seeking there to avoid the sale of as much oleomargarine as they could, because it came in conflict and competition with the sale of other commodities and reduced the sale of other agricultural competing commodities.

For that reason, in their ingenuity—and I have no criticism of it—they worked out the plan of a tax upon the sale of that class of oleomargarine. The law was sustained by the Supreme Court, because it was held that Congress had the power to levy an excise tax, and that the Court would not go into the purposes which prompted Congress to levy the tax. The only question was as to the power of Congress to levy the tax; and that being conceded, the Court held that it would not look into or impugn the motives of Congress. It would not seek to supervise the action of a coordinate branch of government upon a subject with which that coordinate branch of government had express power under the Constitution to deal.

I stated a while ago that an opinion had been put in the RECORD here. In connection with that opinion, it was stated in the RECORD, when it was put in, that I asked the Attorney General's office to give me the benefit of the advice and assistance of the best man they had on the subject. They did. They furnished me the assistance of an attorney who, I know, had the confidence of the Attorney General, because he was with him in person before the Banking and Currency Committee on an occasion when the legality of one of the great bills passed by Congress was under consideration. I turned over to this attorney a bill that had been introduced here which was exactly the same as the pending bill on the question now under consideration and asked him to look into it, to go into it fully, and to give me an opinion upon the subject. I did not want to urge the passage of a bill that was unconstitutional.

I have heard everybody at this session who opposed a pending measure of any paramount importance, and which involved a new form of legislation, question its constitutionality here from time to time. I heard the constitutional question raised when the Black 6-hour bill was pending before the Senate. I heard the opponents of that program day after day assail its constitutionality. I note that the Senate proceeded, in the exercise of its matured judgment, to pass that bill, and leave its constitutionality, even if it was perhaps a close question, to the decisions of the courts. I heard the same character of objections presented by those who opposed the passage of the national industrial recovery bill, the legality of which is based upon the grant to Congress in the Constitution of the power to regulate interstate commerce.

Those who raise these constitutional objections may have been right. I do not know. I did not think so, however. I made an argument here 2 years ago on the power of Congress under the Constitution to regulate, in the flow of interstate commerce, all forms of harmless commodities. I was convinced, after a careful study, that Congress had such power; and I invite anyone interested in that phase of this question to go back and read that argument, because it was the result of a most careful investigation. It was the subject of various colloquies here upon the floor. We had a protracted debate upon the question. I was convinced then of the power of Congress to deal with these phases of interstate commerce upon which the national industrial recovery bill was subsequently based for its constitutionality.

After those serious innovations and changes in our usual methods of government have passed through the Senate in the face of determined opposition by their opponents on the ground of unconstitutionality, when a bill involving agriculture comes to the front, when a bill is before us involving the happiness and the prosperity and the comfort of millions of people in this country, we find captious objections raised to its constitutionality.

I am sure some have genuine doubts on this subject, and I respect their views; but where there is such a genuine doubt I submit that in view of the various types of legislation that have heretofore been passed under criticism and under objection, all of which have been sustained that have so far reached the Supreme Court of the United States, and especially in view of the grave economic consequences involved, we should not here and now draw a new line when the welfare of millions and millions of people, not only this year but next year and possibly longer, is involved in legislation which at least meets the approval of the judgment of some of the best lawyers who are available.

I pointed out the opinion of the assistant furnished by the Department of Justice. I pointed out a decision of the Supreme Court of the United States, which to my mind settles the matter; and there are many others upon which it is based, such as the prohibitive tax upon the issue of State bank notes long, long ago, which was sustained by the Supreme Court of the United States.

Mr. President, I recognize that this is the lunch hour, and that from physical necessity a great many Senators are not here whom I should like very much to have hear one phase of this discussion. I assume, however, that under the rules and practices of the Senate it will be necessary for me to proceed with the discussion, because I am extremely anxious, if possible, to secure final action on this bill before the Senate shall adjourn today. Planting is now going on down in southern Texas. It will of necessity take some time to set up the machinery for the administration of this bill. It has been under consideration for some time.

Let me say that this bill has not come to Congress from any theorist of any kind. This is a practical program which has developed out of the necessities of our situation. Let me say to those who do me the honor to remain here that the demand for the passage of this bill comes up from the very cotton rows of the South.

The man who thinks that the cotton farmer does not know his own business is simply out of touch with the experiences and the judgment of the cotton farmer. Year in and year

out he has seen the price of cotton fluctuate violently, even during the same year. He has watched with interest the announcement of the estimates of the Government on the size of the crop. He has observed from time to time that as the estimate of the size of the crop increased the price of cotton decreased. He has observed the opposite—as the estimate was reduced the price of cotton increased.

I assume that many other agriculturists are in the same condition as the cotton farmer; but what I have said is peculiarly true of the cotton farmer, because of his dependence upon the world market for the sale of around 60 percent of his total crop. No other agricultural commodity looks to foreign markets, and must look to them, for the sale of so large a proportion of the total production as does cotton. There is no commodity, industrial or agricultural, which must find foreign markets to anything like the percentage that cotton does.

Sixty percent of all the money brought to the cotton farmers comes not from the consumers in America but from the consumers in the foreign countries of the world. It is a new addition each year to the capital assets of this country. It includes an average of around 25 percent in dollar value, over a long period of years, of all the money that comes to America as a result of the sale in foreign countries of the products of America, industrial and agricultural combined. So, when we figure upon a fair and reasonable price for cotton, we must bear in mind that when we get a fair price we are increasing the volume of money going into all the trade channels in America.

Mr. President, every mail every day carries a volume of checks and remittances out of the Cotton Belt to the industrial and financial sections of this country. We send money out for shoes, clothes, hats, farm implements, automobiles, radios, nearly everything of common use and consumption except food products, and we send a lot of money out even for food products. So that in the Cotton Belt, from lower Virginia to California, we are consumers, who provide a large market for the industries of the United States. We send checks to pay the interest upon mortgages, upon insurance premiums, upon railroad and utility bonds, and everything of that kind. They are not owned, except in a very small way, in the Cotton Belt. We must get the money from the sale of cotton to meet all those payments.

Only once a year do we have a return flow of money to the Cotton Belt. We ship very little of anything out of the Cotton Belt except cotton, and manufactured products of cotton from the textile mills located in the South. If we do not get in that return flow of money from the result of our cotton crop, a reasonable price for the cotton, then, of course, we cannot help to support the industries and financiers of this country. Therefore it is not solely a local problem in the Cotton Belt; it is a subject which ought to be of interest to every thoughtful man in the United States who is interested in the welfare of the people in all sections of this country.

Mr. THOMAS of Oklahoma. Mr. President—

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Oklahoma?

Mr. BANKHEAD. I yield.

Mr. THOMAS of Oklahoma. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Caraway	George	Long
Ashurst	Carey	Gibson	McAdoo
Austin	Clark	Glass	McCarran
Bachman	Connally	Goldsborough	McGill
Bailey	Coolidge	Gore	McKellar
Bankhead	Costigan	Hale	McNary
Barbour	Couzens	Harrison	Murphy
Barkley	Cutting	Hastings	Neely
Black	Davis	Hatch	Norris
Bone	Dickinson	Hayden	Nye
Borah	Dieterich	Hebert	O'Mahoney
Brown	Dill	Johnson	Overton
Bulkley	Duffy	Kean	Patterson
Bulow	Erickson	Keyes	Pittman
Byrd	Fess	King	Pope
Byrnes	Fletcher	Logan	Reed
Capper	Frazier	Lonergan	Reynolds

Robinson, Ark.	Smith	Townsend	Walcott
Robinson, Ind.	Steinwer	Trammell	Walsh
Russell	Stephens	Tydings	Wheeler
Schall	Thomas, Okla.	Vandenberg	
Sheppard	Thomas, Utah	Van Nuys	
Shipstead	Thompson	Wagner	

The PRESIDING OFFICER. Eighty-nine Senators having answered to their names, a quorum is present.

Mr. BAILEY. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. BAILEY. The Senator just now took the position that he was relying upon the McCray case, and invited me to read the decision in the case. I have sent to the library for the volume containing the decision, and, with the Senator's permission, I wish to read him the last two paragraphs from the decision in the case, *McCray v. United States* (195 U.S. Rep.):

Such concession, however, is not controlling in this case. This follows when the nature of oleomargarine, artificially colored to look like butter, is recalled. As we have said, it has been conclusively settled by this Court that the tendency of that article to deceive the public into buying it for butter is such that the State may, in the exertion of their police powers, without violating the due-process clause of the fourteenth amendment, absolutely prohibit the manufacture of the article. It hence results that even although it be true that the effect of the tax in question is to repress the manufacture of artificially colored oleomargarine, it cannot be said that such repression destroys rights which no free government could destroy; and, therefore, no ground exists to sustain the proposition that the judiciary may invoke an implied prohibition, upon the theory that to do so is essential to save such rights from destruction. And the same considerations dispose of the contention based upon the due-process clause of the fifth amendment. That provision, as we have previously said, does not withdraw or expressly limit the grant of power to tax conferred upon Congress by the Constitution. From this it follows, as we have also previously declared, that the judiciary is without authority to avoid an act of Congress exerting the taxing power, even in a case where to the judicial mind it seems that Congress had in putting such power in motion abused its lawful authority by levying a tax which was unwise or oppressive, or the result of the enforcement of which might be to indirectly affect subjects not within the powers delegated to Congress.

Let us concede that if a case was presented where the abuse of the taxing power was so extreme as to be beyond the principles which we have previously stated, and where it was plain to the judicial mind that the power had been called into play not for revenue but solely for the purpose of destroying rights which could not be rightfully destroyed consistently with the principles of freedom and justice upon which the Constitution rests, that it would be the duty of the courts to say that such an arbitrary act was not merely an abuse of a delegated power, but was the exercise of an authority not conferred. This concession, however, like the one previously made, must be without influence upon the decision of this cause for the reasons previously stated; that is, that the manufacture of artificially colored oleomargarine may be prohibited by a free government without a violation of fundamental rights.

That clearly distinguishes, as I think, the present proposed legislation from the oleomargarine decisions in the *Kollock* case and in the *McCray* case. If the Senator can enlighten me, in view of what I have read—and he is certainly familiar with the case, and he is relying upon it—I will be very greatly helped in my thinking on this important legislation.

Mr. BANKHEAD. I will say to the Senator that the statement of the Court, which, of course, is arguendo and therefore not a declaration of law upon the subject, in which the Court was answering the argument against the constitutionality of the oleomargarine tax, was to the effect that, conceding the position taken by the party to that case was correct, and to say no more than that, still it would not lead the Court to declare the act unconstitutional.

Mr. BAILEY. But in order to bring the Senator's proposed legislation within the doctrine of the Oleomargarine Act, he must show some analogy between the ginning of cotton and the coloring of oleomargarine, and I do not get the analogy.

Mr. BANKHEAD. I do not think the oleomargarine tax was predicated upon the mere fact that the coloring of the oleomargarine authorized the tax.

Mr. BAILEY. Or the imitation of butter?

Mr. BANKHEAD. I think the Supreme Court would have sustained the tax on oleomargarine in any form, whether colored or uncolored, as I interpret the case.

Mr. BAILEY. We differ on that. Let me ask the Senator another question. What is the cost of the production of cotton? I take it no one here can testify more conclusively on that subject than the Senator from Alabama.

Mr. BANKHEAD. Of course, that, as the Senator knows, very greatly varies. It depends on many things. It depends on the cost of material, the cost of supplies, and the cost of labor.

Mr. BAILEY. Would the Senator say that as a rule the cost of the production of cotton to the farmer is more than 50 percent of the price he receives?

Mr. BANKHEAD. That depends on the price.

Mr. BAILEY. Does the Senator mean to tell the United States Senate that the farmers are now making 50 percent on the production of their cotton?

I think we ought to get right at the facts here.

Mr. BANKHEAD. I will say to the Senator that I think the cost of production of cotton is practically its present price.

Mr. BAILEY. Its present price is 12 cents?

Mr. BANKHEAD. I do not think the cost of production has anything to do with the levying of the tax.

Mr. BAILEY. Its present price is 12 cents? Is that correct?

Mr. BANKHEAD. I say I do not think the cost of production has anything to do with the levying of the tax.

Mr. BAILEY. I am not now disputing that; but I am trying to get the Senator to say that the cost of production of cotton, in his judgment, is today 12 and a fraction cents, that being the market price.

Mr. BANKHEAD. The cost of some of it is and some of it is not. As I said, it depends on varying conditions.

Mr. BAILEY. What is the general cost of production of cotton?

Mr. BANKHEAD. That depends on what is included in the cost of production. There are many elements that may be included which the farmer does not include. The cost of the interest on the investment ought to be included in the cost of production.

Mr. BAILEY. The Senator just now, I thought, said that the cost of production was equal to the present market price.

Mr. BANKHEAD. I think that is practically true on the average.

Mr. BAILEY. That is 12 and a fraction cents, is it not?

Mr. BANKHEAD. No; it is about 12 cents, or under 12 cents.

Mr. BAILEY. How much?

Mr. BANKHEAD. It is probably now under 12 cents.

Mr. BAILEY. A little under 12 cents?

Mr. BANKHEAD. Yes.

Mr. BAILEY. Let us call it about 12 cents. A tax of 50 percent on the cotton above a certain quantity ginned would add that much to it, or take that much from the return, would it not?

Mr. BANKHEAD. I do not understand the Senator's question.

Mr. BAILEY. If the cost of production is now 11 cents, and the tax is 50 percent upon the pound, that would be a tax of 5½ cents on the pound, would it not? I ask the Senator would that not suppress the production of cotton in excess of 10,000,000 bales, and is that not the primary object of this proposed legislation?

Mr. BANKHEAD. The primary purpose, of course, is to discourage the production of more cotton than the 10,000,000 bales.

Mr. BAILEY. And to make it financially impossible by imposing a tax that is equal to half the cost of production?

Mr. BANKHEAD. I do not base it on cost of production at all. I do not think that is an element that enters into the question. I think it is the same proposition that industrialists engage in of disposing of their surplus somewhere.

Mr. BAILEY. I wish the Senator would come down and make it very plain now. Is not the purpose of this proposed legislation to suppress the production of cotton in excess of 10,000,000 bales a year?

Mr. BANKHEAD. No; it is to prevent the sale of it without paying the tax.

Mr. BAILEY. If the Senator prevents a man from selling a thing, if that man is not entirely crazy, he certainly will not produce it; is that not so?

Mr. BANKHEAD. Of course, the Senator knows that we hope that no more than 10,000,000 bales of cotton will reach the market.

Mr. BAILEY. And that is the objective to be accomplished by this proposed legislation, and if that does not justify the legislation, nothing else will; is that not so?

Mr. SMITH. Yes.

Mr. BAILEY. The Senator from Alabama has the floor. I am glad to have the testimony of the Senator from South Carolina [Mr. SMITH]. Let that go in the RECORD. The Senator from South Carolina said in answer to my question, "Yes." What does the Senator from Alabama say?

Mr. BANKHEAD. I think it will help, whether we limit it to 10,000,000 bales or they have slightly more.

Mr. BAILEY. That is not answering the question. I do not wish unduly to press my friend, but I believe I will ask him once more: Can this bill be justified on any theory other than the theory that it will restrain the farmers who produce cotton from producing in excess of 10,000,000 bales of cotton during the coming year?

Mr. BANKHEAD. I am afraid it will produce too much revenue, I will say to the Senator.

Mr. BAILEY. That is not an answer to my question. I should like to have the Senator answer the question.

Mr. BANKHEAD. I have answered it.

Mr. BAILEY. What is the answer, please?

Mr. BANKHEAD. I said I was afraid it would produce too much revenue. There would be too much cotton sold at 50 percent.

Mr. BAILEY. Does the Senator consider that an answer to my question?

Mr. BANKHEAD. Yes.

Mr. BAILEY. I have asked the Senator what will be the effect of this proposed legislation, and he tells me he is afraid it will produce too much revenue. I submit that does not answer my question.

Mr. BANKHEAD. I told the Senator what I had in mind about it.

Mr. BAILEY. I will ask the Senator again: Is not the object of the bill to prevent the production of more than 10,000,000 bales of cotton this year in America?

Mr. BANKHEAD. It is not.

Mr. BAILEY. Then what is the object?

Mr. BANKHEAD. The object is to limit as closely as we can the sale of more than 10,000,000 bales, and to collect revenue upon the excess sold.

Mr. BAILEY. That is, to limit the sale, and to tell the farmer in advance that if he produces it he will be taxed 50 percent on the price?

Mr. BANKHEAD. I submit I have answered the Senator's question.

Mr. BAILEY. Very well; I am satisfied with the answer.

Mr. BANKHEAD. I desire to call the attention of the Senate briefly—I do not want to take much more time—to the effect of the size of the crop of American cotton upon the price and the volume of money paid to the producers for their crop. I think to one who is really interested, Mr. President, in beneficial results for the Cotton Belt, that tells the whole story of this situation. That story ought to appeal to one who is really desirous of helping the cotton farmer, so far as he can conscientiously do so. I do not expect anybody to do it who cannot conscientiously do so; but that story ought to appeal to the judgment and to the heart of every person who can conscientiously vote to help the cotton farmer, and who is engaged in passing upon this great program, which is fraught with such tremendous results in the Cotton Belt.

I desire to call the Senate's attention to a graph on the wall, which was prepared by the Bureau of Economics in the Department of Agriculture, which shows the number of

bales of cotton harvested each year, and the average price per pound paid to the farmer each year, beginning with 1890 and coming down to 1931.

The red line represents the volume of the production; the blue line represents the average farm price. I wish to call attention to the fluctuations in those two lines, from which will be noted that, with practical uniformity, as production increases the price to the farmer decreases, and as production decreases at the same time and in the same way the price to the farmer increases. This line [indicating] indicates the production; this line [indicating] represents the price. As production goes down the price goes up; the two move along practically in opposite directions all the way across the graph.

Now I come to the war period. This sector of the lines represents conditions in 1915. Then, of course, there was an abnormal demand for cotton in foreign countries for use for explosives and other purposes, which ran up the price at that time, during the years 1916, 1917, 1918, and in 1919, following the war, to abnormal points. The price went up then to 36 cents a pound. Production, as will be seen from the graph [indicating], had gone down and the price went up. Production went down because of the absence of man power engaged in the World War, and, therefore, with a limited supply of cotton and with a small surplus carried from time to time, the price of cotton continued to rise.

Now we come to the year 1920, which is known as the "year of the deflation", when all commodity prices, and particularly agricultural commodity prices, went to the bottom. The price of cotton dropped in 1 year from 36 cents a pound to 14 cents a pound. Fortunately, just at that time the bollweevil made its appearance in the South, and the production of cotton went down to 8,000,000 bales. When the production went down, it will be noticed that the price began to move back up. Here [indicating] in 1923 production reached 10,000,000 bales in round numbers—to be exact, 10,140,000 bales—and the price that same year moved up to 31 cents a pound. With that rise in price the acreage planted to cotton was increased all over the Cotton Belt. The farmers began to get better control over the bollweevil situation; the crops began to increase, and did rapidly increase in size. As a result production started up, and as it went up the price, as will be noted, crossed it and went down.

In 1926 we produced the largest crop of cotton ever produced in any one year in America; we produced 18,000,000 bales of cotton; and the price went down to slightly under 11 cents a pound, to this point [indicating on the graph] as a result of that large crop. Then production went down and the price went up. In 1931 we produced next to the largest crop, 17,000,000 bales, and the price went down around 5 cents a pound.

Now let me give Senators the figures which resulted from those fluctuations. Please bear in mind that the years to which I am now referring, the years from 1923 to 1927, we will say, represent a period in the business affairs of this country and of the world which was recognized everywhere as constituting the high tide in the flow of business not only nationally but internationally. There was strong buying power; there was unusual consumption; there was every element that should have held the price of cotton on an even keel; but it will be noticed that during the 5 or 6 years to which I am referring, while general business was flourishing, the price of cotton was not preserved at its proper place in the normal price structure.

Take 1923, in which there was produced a 10,000,000-bale crop. What did the farmers get for it? They got 31 cents a pound. There moved into the farmers' hands \$1,571,000,000 for a 10,000,000-bale cotton crop. Next year, 1924, the bollweevil was under better control; the high price was attractive, and the crop was increased by three and a half million bales, up to 13,600,000 bales. The price dropped to 22½ cents, and the total amount received by the farmers was \$1,540,000,000, very nearly the same as in the previous year; but it took thirteen and a half million bales of cotton

that year to bring the farmer what 10,000,000 bales brought to him the previous year.

Take 1925; the crop went up to 16,000,000 bales; the price dropped to 18.2 cents; the total amount received by the farmers was \$1,464,000,000, almost the same amount as in 1923, but it took 16,000,000 bales of cotton to bring the same amount of money to the farmers that 10,000,000 bales brought in 1923 and that thirteen and a half million bales brought in 1924.

Now we come to 1926, which was the year of the big crop, 18,000,000 bales. The price dropped to 10.9 cents; the total amount of money received by the farmers was \$982,000,000. In short, for 8,000,000 bales more of cotton than were produced in 1923 the farmers received \$600,000,000 less money.

Bear in mind, Mr. President, that in 1926 business was at a point that is recognized as representing almost ideal conditions. General commodity prices for that year are recognized as being on a level to which we should now, if we can, raise general prices; but in that year, that almost perfect business year, with a most desirable price level, the price of cotton dropped far, far below the cost of production. Why? I ask. For one reason, and one reason alone. There was no depression; there was, if anything, an increase in consumption; purchasing power was constant and strong. The price of cotton dropped for one reason, and for one reason alone, and that was the size of the crop, the production of so much more cotton than there was an effective demand for purposes of consumption.

Let us take 1927. The 2 years 1926 and 1927 are almost identical. The size of the crop dropped 5,000,000 bales, going down to about 13,000,000 bales as against 18,000,000 bales; the price jumped up to 19.6 cents; the volume of money realized by the farmers was \$1,286,000,000.

Take the 2 years 1926 and 1927; with 5,000,000 bales less of cotton, the farmers received \$350,000,000 more in money.

I ask any thoughtful student what would be the effect if we could draw a straight line across that wildly fluctuating red line of production? I ask any fair-minded man if at the same time there would not be drawn a straight blue line indicating a stabilization of the price of cotton at a point where it properly belongs in the price structure and in the uses of cotton in the world?

These figures show a most terrible economic waste; they show a most destructive loss of purchasing and consuming power not only on the part of our own cotton-section people but on the part of people in our industrial section, resulting in the loss of so much foreign money which the cotton crop would bring to this country if we could secure for it a reasonable and fair price. Nobody wants cotton at an artificially high price.

Mr. President, I am not going to take any more of the time of the Senate. As I stated in the beginning, this bill comes before the Senate with the support of the cotton farmers. A questionnaire sent out showed that 95 percent of the cotton farmers answering favored the bill. They know their situation; they know they cannot get a fair price until there can be brought about a reduction in their carry-over. Nearly every cotton farmer is willing to reduce production if he only knows that the other producers are also going to reduce their cotton production. All they want to know, any of them, is that all will act alike, for they know that production has got to come down. They want to bring it down, but while bringing it down they want to know that the man here is not going to reduce his production while the fellow across the creek or somewhere else is maintaining or increasing his production. So the Congress has been asked to give them this bill.

I cannot imagine why Senators or Congressmen should be reluctant about it. Consider the vote at the other end of the Capitol, of the Representatives, who are in direct touch with the people. A new program? Yes; one that required them naturally to know the views of their constituents, one involving a limitation, if we may so call it, upon the individualistic views heretofore followed. Naturally they would be reluctant there, with the elections coming on, to go counter

to the wishes of these toilers in the field. Over there the vote was 251 to 114, with only five Members from the Cotton Belt, from California to Virginia, voting against the program.

Mr. VANDENBERG. Mr. President, may I ask the Senator from Alabama a question?

The PRESIDING OFFICER (Mr. GEORGE in the chair). Does the Senator from Alabama yield to the Senator from Michigan?

Mr. BANKHEAD. I shall be glad to answer the Senator's question if I can.

Mr. VANDENBERG. I heard one Congressman from the South quoted as saying that if he did not vote for the bill this year he could not be elected in 1934, but if he voted for it and was elected in 1934, he could not be reelected in 1936. This is a facetious observation, but it leads me to inquire of the Senator whether the cotton planters will not rebel against the restriction when they meet it in fact, although they contemplate it with some equanimity in prospect. Does the Senator think it will work to that effect?

Mr. BANKHEAD. I am willing to stake my political destiny on its working. I think it that strongly.

Mr. VANDENBERG. The Senator believed that the plow-under campaign would succeed last year?

Mr. BANKHEAD. It did succeed tremendously. It saved our people from ruin. They did not go far enough. I begged them to plow under 50 percent.

Mr. VANDENBERG. It succeeded, but they ran into human nature, plus four times as much fertilizer as they ever ran into before, according to the experience of the Southern Railway as recently reported in Time magazine.

Mr. SMITH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from South Carolina?

Mr. BANKHEAD. I yield.

Mr. SMITH. May I correct the Senator from Michigan [Mr. VANDENBERG]? He is under the impression that last year there was an excess of fertilizer used. That is not correct, for the reason that the plow-up did not take place until the cotton in some instances was open. The cotton farmers had no knowledge that the plan would be put into operation, and therefore it did not affect the purchase of fertilizer at all or the acreage that was left in cotton. The majority of it was plowed up after part of it had matured, so the question of fertilizer did not enter into it at all.

Mr. VANDENBERG. This is the point: We discovered there was a back door or side door to the voluntary scheme. If there had not been a back door the bill of the Senator from Alabama would not be here today. He would not be seeking to substitute compulsion for voluntary action. What I want to know is whether there is any way the farmers similarly could avoid, by any detour whatever, compliance with the effective purposes of this new bill.

Mr. BANKHEAD. I hope the Senator will help to close every possible loophole in the bill and make it as tight and effective as it is possible to make it.

Mr. SMITH. Will the Senator allow me a moment further?

Mr. BANKHEAD. I yield.

Mr. SMITH. I do not like the implication to go out that anybody used any back door or any subterfuge to increase the crop last year. I call attention to the fact that in 1929 we planted 43,000,000 acres of cotton and made 14,000,000 bales. In 1931 we planted 38,000,000 acres and made 17,000,000 bales. Cotton is the most sensitive plant to season that I know of in agriculture. The question last year was not an excess use of fertilizer but it was what is known as a "cotton year." Every now and then we have an ideal season. The yield per acre last year, as has occurred perhaps four or five times in the last 25 or 30 years, was abundant. The season hit it exactly. It was not on account of the farmer trying to side-step or use any subterfuge.

I stand here today to say that I believe the Agricultural Department and the public who understand the situation never saw a more unanimous effort and a more fixed de-

termination and a more enthusiastic entrance into a plan than the farmers in the plow-up business to carry out their part of it honestly and meticulously.

Mr. VANDENBERG. Mr. President, just one further question, if the Senator from Alabama will yield?

Mr. BANKHEAD. Certainly.

Mr. VANDENBERG. In seeking to close the back doors and the side doors, if there be any—let me put it that way—does the Senator from Alabama think that the tax proposed in the bill will be effective, or will there be sales in spite of the tax?

Mr. BANKHEAD. I am going to offer an amendment to increase the amount of the tax, and I hope the Senator will help me make it more effective.

Mr. VANDENBERG. So that if possible there will be no sales as a result?

Mr. BANKHEAD. That is what I seek.

Mr. OVERTON. Mr. President, will the Senator from Alabama yield?

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Louisiana?

Mr. BANKHEAD. I yield.

Mr. OVERTON. The Senator stated a moment ago that he intends to offer an amendment to increase the tax. May I say that I have received quite a number of telegrams from Louisiana suggesting that the tax should be increased in order to effectuate the purpose of the bill. I am very glad the Senator is going to offer that kind of an amendment.

Mr. BANKHEAD. I have a committee amendment on that point. We have all agreed to it. We are going to make the bill effective if we can possibly do so. We have an amendment increasing the tax to 75 percent.

Mr. President, if there is no one else who wants to speak at this time, I wish to offer the amendment which I send to the desk.

The PRESIDING OFFICER. The Senator from Alabama proposes an amendment which will be read.

The CHIEF CLERK. The Senator from Alabama proposes an amendment, on page 2, line 15, to strike out section 2 and insert in lieu thereof the following:

SEC. 2. The provisions of this act shall be effective with respect to the crop years 1934-35 and 1935-36, and any crop year thereafter when the President finds that the economic emergency in cotton production and marketing will continue or is likely to continue to exist so that the application of this act with respect to a crop year is necessary in the public interest in order to carry out the policy declared in section 1, he shall so proclaim, and this act shall be effective with respect to that crop year. If at any time the President finds that the economic emergency in cotton production and marketing has ceased to exist, he shall so proclaim, and no tax under this act shall be levied with respect to lint cotton during that crop year after the effective date of said proclamation.

The PRESIDING OFFICER. The question is on agreeing to the amendment submitted by the Senator from Alabama.

PAYMENT OF INTEREST ON CERTAIN FUNDS REPRESENTED BY DRAFTS ON THE SECRETARY OF STATE

The PRESIDING OFFICER laid before the Senate a message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Foreign Relations:

To the Congress of the United States:

I commend to the favorable consideration of the Congress the enclosed report from the Secretary of State, to the end that legislation may be enacted to authorize an appropriation of not exceeding \$44,403.15 for the payment of interest on funds represented by drafts drawn on the Secretary of State by the American Embassy in Petrograd and the American Embassy in Constantinople and transfers which the Embassy at Constantinople undertook to make by cable communications to the Secretary of State between December 23, 1915, and April 21, 1917, in connection with the representation by the Embassy of the interests of certain foreign governments and their nationals.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, March 24, 1934.

REGULATION OF THE COTTON INDUSTRY

The Senate resumed the consideration of the bill (H.R. 8402) to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes.

Mr. FESS. Mr. President, I do not intend to occupy very much time, though I desire to say a few words upon the proposal now pending.

I have a great deal of sympathy with the theory that in order to assure a higher price level for farm products the price will have to be determined very largely by supply and demand; in other words, that the price is not going to be determined by what Congress says, but rather by the operation of normal, economic law, which must be determined on the basis either of ability to buy or ability to reduce an oversupply. Of course the normal way to bring about the desired result would be to increase the demand, if we knew how to do it. If that may not be done, then quite naturally we would think the next step would be to reduce the supply; but I have stated, as it has been stated many times before I ever made the statement, that an attempt to solve the problem on the basis of reduction of the supply is dangerous. If the product of the farm were not a food product or a necessary of life, the question would not be so serious; but the farm produces the necessities of life, and we are proceeding to limit the supply of something we must have that is largely under the control of the elements, over which neither man nor his expressions through legislation can have any influence.

The question has been in my mind several times since this debate started: If by action of the Government we should command a reduction in the production of these necessities, and then, through the operation of elements that we cannot control, there should be a shortage, and suffering incident to that shortage, what responsibility would the Government have, its action being the cause of the shortage? I think we must consider that probability.

When we have a smaller acreage under good conditions producing a greater crop than a larger acreage under bad conditions, we will not be faced with that difficulty; but if we should have, under the restriction of production, a bad year, and through that suffer, it seems to me that the Government would have some responsibility to the sufferers, and that responsibility would be without limit. That is one element that must be considered here.

Furthermore, while I admit that reduction might be desirable if it could be accomplished by cooperation, I have great fear of going to the extent of bringing it about by compulsion. Cooperation to bring about reduction all of us could approve; but reduction by law is something that I hesitate very seriously to embark upon, for there is so much involved in it.

There is another point that we must not overlook in our consideration of this proposal: I think the strongest passion in the human breast is that which involves the rights of ownership. I believe there is nothing in our make-up more dominating than the feeling that a man is monarch of what he owns. That is expressed in many ways, and certainly is being expressed in a great body of correspondence that is reaching Washington at this time.

I have just received a letter written in longhand by a farmer. Examination of the penmanship indicates that it is from an average hard-working man who does not engage very much in letter writing; but it seems to me that what he says is the ordinary, common-sense view of the average citizen. He writes as follows:

Our daily paper tells of the Bankhead cotton control bill passing the House; and the way it is represented in our papers leads me to believe that all agriculture is soon to be regulated in the same way.

I am one of the temporary county corn-hog reduction committee chosen by the State officials, and I have been elected permanently to represent our part of the county in the county organization. Now, if this Bankhead bill uses as its base for regulation statutes procured in the cotton-reduction plan last year, it is logical for

me to believe that our corn-hog figure will be used in a like manner.

I would be very much opposed to making anything of this sort permanent. We hear much about "rugged individualism" cussed in all directions now, but it seems to be forgotten that rugged individualism is exactly what wrested this country from the Indian and made it the most desirable country of all the world in which to live.

Will you please advise if I am right in my surmise of the cotton situation, and the likelihood of a corn-hog-control bill being passed with provisions like the Bankhead bill about cotton? If so, the so-called "reduction payments" are a sugar-coated pill that robs us of our most prized possession—freedom to do as we please on the land that is deeded to us, without restriction by this same Government.

Please answer.

And the writer signs his name as a farmer from Ohio.

Mr. President, I am of the opinion that that letter pretty well expresses the feeling of the average farmer throughout the United States. I have reached the conclusion that such is his view not only because of the numerous letters I have received—and they come from all sections of the country—but because what is proposed here appeals to me as an interference with what the average man regards as one of his rights. I think he naturally feels that any interference of this kind is without justice, and it certainly will be resisted with an intensity that we never yet have fully realized.

The present Presiding Officer (Mr. GEORGE in the chair) will remember what a terrific reaction there was when we undertook to put into force the corn-borer legislation. All of us considered that that legislation was in the interest of agriculture. Everyone must admit that when there is such a danger as that, it would be the height of foolishness for us not to meet it on the threshold. That is why I never have hesitated to vote to eradicate a pest whose depredations were obvious, such as the bollweevil and the various forms of scale that attacked our fruits, and other pests which were making invasions upon our productive ability. For that reason I did not hesitate, although under considerable protest from various sections, to authorize Federal authority to go on the farm and state that if the farmer himself did not take the precautions and do what was necessary to prevent the further invasion of the corn borer, the Federal Government would do it for him.

Everyone will recall with what terrific opposition that interference with the farmer, even when it was on his own behalf, met from the farmer himself. It was largely due, I know, to the manner in which the law was being enforced. Some little whippersnapper sent out by Federal authority goes to a farm and tells the farmer that if he does not do a certain thing within a certain time it will be done for him. That stirs the average farmer to the point where he almost wishes to commit murder. That is because of his feeling that the farm is his, and he does not want somebody who knows nothing about it to come to him and tell him what to do.

I am afraid if this measure shall become a law, if it can in any form be justified in its application to cotton, that similar legislation will be demanded from certain sections on the part of other farmers, perhaps as to wheat and corn, perhaps as to every commodity which is produced in great quantities. We are entering now upon a new course. I am saying nothing about its constitutionality. I am not speaking of whether it is an emergency measure or a permanent one. I assume that it will be permanent if it shall prove to have any merit at all. I am afraid, however, that under the stress of an emergency we are entering on a course that is to become permanent not only in this case but in the broad field of agriculture. I think it never can become permanent generally, because I think that the revulsion of sentiment is going to be so terrific that nobody would feel free to undertake to extend the Federal authority over the farmer in the various States.

Mr. President, a step toward denying to the individual citizen the control of his own business goes further than any step we have ever yet taken. It seems somewhat dangerous when we do it in connection with voluntary cooperation, and yet when it can be done in such cases, I cannot see any legitimate objection to it. There might be an objection

where the Government pays for doing it voluntarily—I think there is objection to that—but that is neither here nor there; that is water over the wheel. However, here is a proposal which goes far beyond anything we have heretofore undertaken. If I do not mistake, it is going to create such a combined opposition, coming from every section of the country, that it will arouse a class feeling for action in accordance with what they seem to think is their best interest, which will come up from the landed people, who are, after all, what is left in the United States of independence.

As I have previously stated, I know of no passion that is stronger than the feeling that leads one to say, "This is mine. It is not only mine to hold but it is mine to convey if I want to, without any interference with that right, not only that the property is mine to do as I want to do with but that it is mine to sow when I want to, and with what I want to, and to the extent I desire, without having to come to Washington for permission before I do it."

If we shall embark on a policy which will ultimately reach the point where a farmer cannot put a plow in a field or turn a single furrow before he comes to Washington and gets permission, we will create a feeling which will be unlike anything that has ever been known in the United States. Then in 2 or 3 months, after he has the permission, the farmer will have some Government inspector coming to his farm and going over the planting to ascertain whether the regulations of the Federal Government are being respected. Can anybody fully appreciate the reaction of the farmer who will thus be put under the eye of the inspector?

Senators who are moving in this direction certainly ought to know where they are going. I am saying nothing about the impracticability of the plan; I am saying nothing about the impossibility of enforcing the proposed law.

Mr. President, the present Presiding Officer and I stood together in the attempt to enforce the prohibition law, and all will admit the terrific revulsion of public sentiment, which was the most surprising reaction I have ever known, which put out of existence by a flood of opinion not only the statute which was written in pursuance of constitutional sanction but also the constitutional sanction was put out of existence in a way that was more surprising than anything that has occurred in my political experience. That was largely due to the inability to make the enforcement effective. Yet here is a proposal to place every farmer under the eye of the Government, because I have a right to assume that if this is a good thing for the cotton farmer it will be extended to every one of the 6,000,000 farmers in the United States, who will be placed under the regulation of the Federal statute. If we could not enforce prohibition, how can we enforce this particular plan, which would interfere with the individual right of the owner of every foot of land in the United States?

Senators ought to realize the direction in which they are going. I am not concerned about the length of the step; I am more concerned about the direction of the step. It seems to me that we ought to proceed cautiously when we are proceeding along lines which interfere with such rights.

Mr. President, there came to me yesterday a publication known as "Hoard's Dairyman", a journal devoted to dairy farming. In it I find the following:

AS DAIRYMEN SEE FARM RELIEF

More than 2,000 letters accompanying questionnaires have renewed our faith and confidence in the intelligence and understanding of the man milking cows.

Nearly 24,000 dairy-farm folks, mailing in 4,909 questionnaires from every State in the Union, have given us their answers to the question, "What do you think of farm relief?" Those 4,909 families operate 838,529 acres of land and milk 87,380 cows. To them dairy-farm relief is a tremendously serious proposition. Their living will be directly affected by any governmental action. Many of these people have expressed a feeling of gratitude at having an opportunity to give their opinion.

I ask permission to have the whole article published in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. FESS. Mr. President, I read further from this magazine.

The verdict of 4,909 farm families in a Nation-wide poll from the following questions and answers is as follows:

In your opinion, will the Government plan for the control of production of all farm products be helpful to agriculture as a whole?

One thousand three hundred and sixty-six answered "yes."

One thousand seven hundred and twenty-nine answered "no."

One thousand three hundred and forty answered "It might be."

Has the cotton-allotment plan helped you?

"Yes", 228.

"No", 2,424.

Ten times as many answered "no" as answered "yes."

Mr. SMITH. Mr. President, will the Senator repeat that? What was the question?

Mr. FESS. "Has the cotton-allotment plan helped you?"

Mr. SMITH. There has not been any cotton-allotment plan. What is this man talking about?

Mr. FESS. This relates to the reduction of acreage. I am reading a statement in answer to the questionnaire that was sent out by this farm journal:

Has the cotton-allotment plan helped you?

"Yes", 228.

"No", 2,424.

"Perhaps", 124.

Has the cotton-allotment plan cost you money?

Two thousand eight hundred and thirty-six answered "yes."

Three hundred and sixty-four answered "no."

Two hundred and fourteen answered "maybe."

Has the wheat-allotment plan helped you?

Six hundred and nineteen answered "yes."

Two thousand four hundred and thirty-nine answered "no."

Two hundred and thirty-three answered "perhaps."

Has the wheat-allotment plan cost you money?

Two thousand six hundred and fifty-nine answered "yes."

Four hundred and sixty-one answered "no."

Two hundred and eighty-one answered "maybe."

Will the corn-hog allotment plan help you?

One thousand one hundred and thirty-seven answered "yes."

Two thousand and sixty-two answered "no."

Six hundred and forty answered "perhaps."

Will the corn-hog allotment plan cost you money?

One thousand six hundred and sixty-five say it will.

Six hundred and ninety-eight say it will not.

Four hundred and forty-seven say it may.

Has the N.R.A. raised prices of things you buy?

Four hundred and forty-five said "yes."

One hundred and three said "no."

Eighty-six are noncommittal.

Has the N.R.A. raised prices of things you sell?

Five hundred say "yes."

Three thousand one hundred and seventy-three say "no."

Evidently that would be where the processing tax was assessed back on the producer, instead of being passed on to the consumer. If it could be passed on to the consumer, evidently it would increase prices, but, on the other hand, if it should be assessed on the producer, it would have the effect of reducing prices.

Mr. JOHNSON. Mr. President, will the Senator yield?

Mr. FESS. I yield.

Mr. JOHNSON. Will the Senator pardon me for asking who sent out the questionnaires and from what he is reading?

Mr. FESS. I am reading from Hoard's Dairyman, a journal devoted to dairy farming. It is published in Wisconsin. This [indicating] is the journal itself.

Mr. JOHNSON. The questionnaire was sent out by whom?

Mr. FESS. By the journal itself, I assume.

Mr. JOHNSON. And the date of the issue?

Mr. FESS. The date is March 25, 1934.

Mr. SMITH. Mr. President, may I ask the Senator from Ohio from what journal he is reading?

Mr. FESS. I am reading from Hoard's Dairyman, a journal published at Fort Atkinson, Wis., a journal which came to my office today, and I assume a copy of it came to the Senator's office.

Mr. SMITH. As soon as the Senator from Ohio shall have finished I should like to analyze the situation with reference to which the Senator says 2,000 replies were received indicating that the action of last year did not help. I will not undertake to do so now, but when the Senator shall have concluded I should like to state the facts.

Mr. FESS. I shall be very glad to have the Senator from South Carolina do so. I desire to have the Senator know that this publication, which came to my desk on yesterday, attracted my attention when I saw the announcement of the answers to so many questions sent out. It seems to me to be very pertinent to bring it to the attention of the Senate while we are discussing the pending legislation. If there is nothing to it, the Senator is at liberty to show that to be so.

Mr. SMITH. I should hate to think that the 2,000 who said they received no benefit from the action of the farmers in the Cotton Belt last year were from the South. I do think that our people have at least common sense and decency, and I do not believe there are that many cotton growers in the South who would actually stultify themselves by making such replies.

Mr. FESS. Mr. President, I had not intended to read the article. I had asked unanimous consent, which was granted, to insert the article in its entirety in the RECORD without reading; but I will read the article if the Senator wishes me to do so, because it indicates that the writer does know what he is talking about. It discusses the cotton question. As I said, I do not know these people, and I have not verified the figures. I am giving them as they are printed here.

Mr. BANKHEAD. Mr. President, will the Senator yield?

Mr. FESS. I yield to the Senator from Alabama.

Mr. BANKHEAD. I should like to ask the Senator if he has information concerning how many of those questions which were sent from Wisconsin were sent down into the Cotton Belt.

Mr. FESS. I do not know. I do not know where they were sent.

Mr. DICKINSON. Mr. President, I suggest that the Senator read the article.

Mr. FESS. Mr. President, out of respect for the Senators favoring the legislation who wish to get on with their work, I will not take the time to read the article. I will simply insert it in the RECORD. If I were merely desirous of killing time, I should read it and comment on it, but I do not want to engage in any act of that kind. Does the Senator from South Carolina desire me to read the article?

Mr. SMITH. No; I do not think it is necessary. What the Senator has already read is sufficient.

Mr. FESS. Will the Senator from South Carolina read it?

Mr. SMITH. I will undertake to read it if the Senator will give me a chance to make a little speech myself. Under those conditions I will promise the Senator to read it.

Mr. DICKINSON. Mr. President—

The PRESIDING OFFICER (Mr. OVERTON in the chair). Does the Senator from Ohio yield to the Senator from Iowa?

Mr. FESS. I yield.

Mr. DICKINSON. I suggest that as the basis for some argument on the part of the Senator from South Carolina the Senator from Ohio read the article, because it is a very informative article, and the paper in which it appears is one of the outstanding farm papers of the Middle West.

Mr. FESS. Mr. President, I will read the article.

Mr. SMITH. The testimony of the Senator who has just taken his seat still further weakens the entire argument.

Mr. FESS. I will read it:

What do you think of farm relief? Those 4,909 families operate 888,529 acres.

Mr. SMITH. Mr. President, may I interrupt the Senator from Ohio?

Mr. FESS. I yield.

Mr. SMITH. The Senator from Ohio, I am sure, will admit, as he is fair, and I know him so well, that the pending legislation is of great importance, and there are two sides to it.

Mr. FESS. If the Senator does not prod me too much I will not read the article.

Mr. SMITH. I will sit down.

Mr. FESS. Mr. President, I do not desire to take the time to read the article, but the Senator was putting me in a position where I would have had to read it. Otherwise, he would think that I was trying to escape the force of his statement.

Mr. SMITH. Oh, no!

Mr. FESS. I do not want to do that. I will finish the summary of the article, and then I will give way.

Mr. COUZENS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Michigan?

Mr. FESS. I yield.

Mr. COUZENS. Will the Senator enlighten us by telling us where the questionnaires went? It seems to me it is impracticable to find out about the cotton section by sending questionnaires to the dairy section.

Mr. FESS. I understand that questionnaires on cotton were sent to the cotton section, and questionnaires on wheat were sent to the wheat section.

Mr. COUZENS. Does the article say so?

Mr. FESS. It does not say so, but I assume so. The subtitle is:

More than 2,000 letters accompanying questionnaires have renewed our faith and confidence in the intelligence and understanding of the man milking cows.

I assume that these questionnaires were sent to the people who have the information. Otherwise, I could not imagine any sense to it at all.

Mr. COUZENS. Mr. President, will the Senator yield further?

Mr. FESS. I yield.

Mr. COUZENS. The article speaks of the intelligence and understanding of the man milking cows. I wonder what that has to do with the cotton section.

Mr. DICKINSON. The Senator had better read the article.

Mr. FESS. I think I will read the article:

An analysis of the opinions of these people is presented for those sincerely interested in upbuilding the dairy industry.

The doubt as to the advisability of having governmental plans for production control of agricultural crops is very evident in dairy farmers' minds. Thirty-one percent of all votes cast on this question said governmental plans would be helpful. Thirty-nine percent said "No" to this, and 30 percent answered this question with a "Maybe." Many letters, in discussing this question, stated that dairy farming did not belong under the A.A.A.; that governmental schemes breed inefficiency, and that the man who has learned to do a better job of farming is unduly penalized in the shuffle. Many readers have expressed the conviction that there is no burdensome overproduction in the dairy business and that our trouble may be due to underconsumption.

We need make no comment on the vote as it pertains to the cotton and wheat allotment program. These governmental schemes have, without question, been of no benefit to dairymen, have raised the prices of things he normally would buy, and have helped bring about a positive reversal of the enviable position formerly held by this industry.

We have received some criticism for including any questions on the N.R.A. and C.W.A., but we felt our readers had a perfect right to voice their opinions for or against any program that in any way affected them and their living. The fact that 95 percent of all who sent in questionnaires expressed their opinions on the N.R.A., shows the interest dairymen have in this sister ship of the A.A.A. Letters from our readers forcefully expressed their condemnation of this governmental venture. One New York farmer's story summed up the feeling of many when he said,

"We would have been a great many days farther out of the woods if the N.R.A. had never been forced upon our city cousins."

Mr. JOHNSON. Mr. President, will the Senator yield?

Mr. FESS. I yield.

Mr. JOHNSON. It is obvious that the article relates to the effect upon the dairy farmer of what has been done with wheat and cotton rather than the effect upon the wheat grower or the cotton grower.

Mr. FESS. I think so. I assume that the major interest of this magazine is the dairy industry. While I should not be justified in saying that every article printed in it is of major interest to the dairy industry in its entirety, I can easily see that a publication of this kind would be of major interest to the dairy industry rather than to the public at large, and if the Senator asks me whether it is not obvious that the paper is primarily interested in dairying, I should have to say it is.

Mr. JOHNSON. I do not mean that. The questionnaire was directed to the wheat-curtailment plan in respect to its influence upon the dairy business, was it not?

Mr. FESS. Let me read the first paragraph again:

Nearly 24,000 dairy-farm folks, mailing in 4,909 questionnaires from every State in the Union—

That answers the question—

have given us their answers to the question—

Here is the question:

"What do you think of farm relief?" Those 4,909 families operate 888,529 acres of land and milk 87,380 cows.

That would indicate that the questionnaire was sent to people who were primarily interested in cows, if that is the question to which the Senator wants an answer.

The vote on the farm-loan proposition was practically 50-50. Letters carried many sensible arguments on all sides of the loan program. A former cow tester now in the farm-implement business writes us: "My experience in several years selling farm equipment is that if I sell any man more than he can pay for I am 50 percent or more to blame, and that should apply to Uncle Sam as well." We have felt that this particular feature of governmental assistance possibly could do no more to relieve agricultural distress than any other.

Question 8 is:

Mark yes or no on the following dairy plans as to their possibility of helping you as a farmer:

- (a) The butter-fat allotment plan.
- (b) The Hoard's Dairyman plan.
- (c) The diseased-cow plan.

The article proceeds:

Question 8, giving dairy farmers a chance to name the plan most likely to benefit them, naturally holds the spotlight. Voting in favor of the governmental butter-fat allotment program under the A.A.A., we find 18 percent of all votes cast on this point. Against this plan we find 82 percent; 89 percent of those voting on the Hoard's Dairyman cow-culling plan said "yes", 11 percent said "no"; 58 percent of those expressing an opinion on the diseased-cow program voted "yes", 42 percent voted "no." It is interesting as well as significant that seven times as many votes were cast in favor of the Hoard's Dairyman cow-culling program as for the butter-fat allotment, and two times more than for the diseased-cow plan.

We have proposed a combination of cow-culling and diseased-cow plans but separated them on this questionnaire to get an expression of the importance of each in the minds of men milking cows.

We wish everyone who claims to have the dairy farmers' interest at heart, or who is in a position of governmental authority, could read the 2,000 letters we have received on this matter of a dairy plan—

And so forth. Now, I will finish the summary.

9. Should dairy-processing taxes be assessed on the basis of:

(a) A certain number of cents per pound fat on all butterfat produced?—Yes, 558; no, 1,842.

(b) A rate per pound fat that would vary according to the price received by producers?—Yes, 1,912; no, 980.

10. Should the Federal Government prohibit the manufacture and sale of oleomargarine?—Yes, 3,540; no, 745.

11. Should the legal fat standard for butter and all other dairy products be raised?—Yes, 1,845; no, 1,678.

Mr. President, I have taken much more time than I had intended to take, very largely because an analysis of the cross section of public opinion on the control of agriculture from Washington would indicate that it is not popular, and certainly as the days pass it will grow more unpopular. I

do not think that the American farmer, who is the last stronghold of individualism, is going to submit to such control without a serious protest. How far that protest will go, no one can tell, because that passion is all-controlling.

The present Presiding Officer (Mr. OVERTON in the chair) will readily recall the ancient custom in peasant life in countries such as Yugoslavia. For example, when a peasant dies in Carniola he is always buried with a handful of dirt taken from one of his fields placed under his head. That is a sacred custom, never departed from for centuries. The dirt is taken from his field and placed under his head so that he may know he is sleeping on his own soil. That expresses the passion which is innate in the American agriculturist, and any effort to interfere with his freedom by compulsion from Washington is going, in due time, to be met, I think, by a terrific revulsion of sentiment.

While I sympathize with the objective the proponents of the pending legislation have in mind, I do not believe it proposes a safe procedure, and for that reason I cannot go along with it.

(The article ordered printed at the conclusion of the speech of Mr. FESS is as follows:)

[From Hoard's Dairyman, Mar. 25, 1934]

AS DAIRYMEN SEE FARM RELIEF—MORE THAN 2,000 LETTERS ACCOMPANYING QUESTIONNAIRES HAVE RENEWED OUR FAITH AND CONFIDENCE IN THE INTELLIGENCE AND UNDERSTANDING OF THE MAN MILKING COWS

Nearly 24,000 dairy-farm folks, mailing in 4,909 questionnaires from every State in the Union, have given us their answers to the question, "What do you think of farm relief?" Those 4,909 families operate 888,529 acres of land, and milk 87,380 cows. To them, dairy-farm relief is a tremendously serious proposition. Their living will be directly affected by any governmental action. Many of these people have expressed a feeling of gratitude at having an opportunity to give their opinion.

An analysis of the opinions of these people is presented for those sincerely interested in upbuilding the dairy industry.

The doubt as to the advisability of having governmental plans for production control of agricultural crops is very evident in dairy farmers' minds. Thirty-one percent of all votes cast on this question said governmental plans would be helpful. Thirty-nine percent said "no" to this, and 30 percent answered this question with a "maybe." Many letters, in discussing this question, stated that dairy farming did not belong under the A.A.A.; that governmental schemes breed inefficiency and that the man who has learned to do a better job of farming is unduly penalized in the shuffle. Many readers have expressed the conviction that there is no burdensome overproduction in the dairy business and that our trouble may be due to underconsumption.

We need make no comment on the vote as it pertains to the cotton- and wheat-allotment program. These governmental schemes have, without question, been of no benefit to dairymen, have raised the prices of things he normally would buy, and have helped bring about a positive reversal of the enviable position formerly held by this industry.

We have received some criticism for including any questions on the N.R.A. and C.W.A., but we felt our readers had a perfect right to voice their opinions for or against any program that in any way affected them and their living. The fact that 95 percent of all who sent in questionnaires expressed their opinion on the N.R.A. shows the interest dairymen have in this sister ship of the A.A.A. Letters from our readers forcefully expressed their condemnation of this governmental venture. One New York farmer's story summed up the feeling of many when he said, "We would have been a great many days farther out of the woods if the N.R.A. had never been forced upon our city cousins."

The vote on the farm-loan proposition was practically 50-50. Letters carried many sensible arguments on all sides of the loan program. A former cow tester now in the farm-implement business writes us: "My experience in several years selling farm equipment is that if I sell any man more than he can pay for I am 50 percent or more to blame, and that should apply to Uncle Sam as well." We have felt that this particular feature of governmental assistance possibly could do no more to relieve agricultural distress than any other.

Question 8, giving dairy farmers a chance to name the plan most likely to benefit them naturally holds the spotlight. Voting in favor of the governmental butterfat-allotment program under the A.A.A. we find 18 percent of all votes cast on this point. Against this plan we find 82 percent. Eighty-nine percent of those voting on the Hoard's Dairyman cow-culling plan said "yes"; 11 percent said "no." Fifty-eight percent of those expressing an opinion on the diseased-cow program voted "yes"; 42 percent voted "no." It is interesting, as well as significant, that seven times as many votes were cast in favor of the Hoard's Dairyman cow-culling program as for the butter-fat allotment, and two times more than for the diseased-cow plan.

We have proposed a combination of cow-culling and diseased-cow plans, but separated them on this questionnaire to get an expression of the importance of each in the minds of men milking cows.

We wish everyone who claims to have the dairy farmer's interest at heart or who is in a position of governmental authority could read the 2,000 letters we have received on this matter of a dairy plan. That the dairy farmer is thinking hard and sure would be the inevitable conclusion. His arguments are sane, conservative, and without prejudice. Facts and figures as to why the butter-fat allotment program is not sound and not practical are to be found without number. Constructive criticism, as well as appreciated support, is to be found in the letters on the other two plans. A statement from one letter reads: "If we all would discuss the farmers' problems as simply, clearly, and unbiased as Hoard's Dairyman always has, they would be solved more quickly and easily."

We feel that in fairness to all who answered question 9 on the processing tax, we should try to portray the feeling of the dairy farmer on this method of raising money from which to pay benefits. Our question asked for a choice of two methods of applying this tax. The vast majority of dairy farmers write that they do not want a processing tax. The brief comments carried in the border on this page are typical of a great many statements on the processing tax received from every State in the Union.

To the actual figures on this page, compiled in the table below, we should add the votes of county dairy committees, State breeders' associations, community clubs, dairymen's associations, and farm organizations that have discussed the Hoard's Dairyman questionnaire. This would add many thousands in actual numbers, but the farmers' views as expressed in the table below would be unchanged.

We want to take this opportunity of thanking our readers for their genuine response. Our faith in the man on the dairy farm has been materially strengthened again. We renew our pledge to carry on for the best interests of this, America's biggest industry.

PROCESSING-TAX COMMENTS

"It would be, to our way of thinking, just as logical to place a processing tax on labor as to tax the products that a farmer gains by labor."—E. W., Ohio.

"Most farmers of my section believe that a process tax would more than offset any benefit to dairy farmers."—L. B., Oklahoma.

"It seems to me that the process tax would lower consumption of dairy products rather than increase it, and that is the very thing which we do not want."—D. E. S., Michigan.

"As to taxing dairy products I am of the opinion that it would be the same as that of taxing hogs. I am sure it will be passed back to the producer."—G. S., Texas.

"This processing tax does not benefit either the producer or consumer, but it is used to pay the men who are sent around as bosses or overseers. The processing tax on wheat has raised the price of flour, bread, and crackers, with very little rise in the price of wheat."—W. T. S., Idaho.

"I am hoping there will be no processing tax on dairy products—and if there is, let it be a uniform tax."—F. K., Virginia.

"I think the processing tax is the most fool thing ever thought of. The way it worked for the hog men, they paid the tax instead of the consumer."—D. C., Vermont.

"I am emphatically against either a processing tax or the allotment plan as applying to poultry or dairy products."—G. A. F., Wyoming.

"A processing tax is unfair in every way. It could readily be used to destroy."—A. C. M., Indiana.

"Instead of talking processing tax and thereby reducing consumption, I think that we should try to induce a larger consumption of milk at present prices and let the prices follow the law of supply and demand."—C. S. B., Illinois.

"I am altogether against a process tax on dairy products. It will require an army of officers to administer this plan, and that would cost a lot of money, and many farmers would not come under this plan, so they would be worse off than now."—A. S., Wisconsin.

Verdict of 4,909 farm families in Hoard's Dairyman's Nation-wide poll on dairy farm relief

	Yes	No	Maybe
1. In your opinion will the Government plan for control of production of all farm products be helpful to agriculture as a whole?	1,366	1,729	1,340
2. Has the cotton allotment plan—			
Helped you?	228	2,424	124
Cost you money?	2,536	364	214
3. Has the wheat allotment plan—			
Helped you?	619	2,439	233
Cost you money?	2,659	461	281
4. Will the corn-hog allotment plan—			
Help you?	1,137	2,062	640
Cost you money?	1,665	698	447
5. Has the N. R. A.—			
Raised prices of things you buy?	445	103	86
Raised prices of things you sell?	500	3,173	543
6. Has the C. W. A.—			
Increased the purchase of farm products?	1,582	1,502	1,253
Decreased the purchase of farm products?	296	1,637	424
7. Has the farm-loan program helped you or your neighbors?	1,847	1,692	745
8. Mark yes or no on the following dairy plans as to their possibility of helping you as a farmer:			
(a) The butter-fat allotment plan	459	2,070	-----
(b) The Hoard's Dairyman plan	3,214	414	-----
(c) The diseased-cow plan	1,521	1,103	-----

LXXXVIII—336

Verdict of 4,909 farm families in Hoard's Dairyman's Nation-wide poll on dairy farm relief—Continued

	Yes	No	Maybe
9. Should dairy processing taxes be assessed on basis of—			
(a) A certain number of cents per pound fat on all butter fat produced?	558	1,842	-----
(b) A rate per pound fat that would vary according to the price received by producers?	1,912	980	-----
10. Should the Federal Government prohibit the manufacture and sale of oleomargarine?	3,540	745	-----
11. Should the legal fat standard for butter and all other dairy products be raised?	1,845	1,678	-----

MESSAGE FROM THE HOUSE—ENROLLED BILL SIGNED

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the Speaker had affixed his signature to the enrolled bill (S. 3067) granting the consent of Congress to the Louisiana Highway Commission to construct, maintain, and operate a bridge across the Mississippi River at or near Baton Rouge, La., and it was signed by the Vice President.

REGULATION OF THE COTTON INDUSTRY

The Senate resumed the consideration of the bill (H.R. 8402) to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes.

Mr. SMITH. Mr. President, the Senator from Ohio has read what purports to be responses to a questionnaire as to the allotment of cotton last year. Now, I wish to put to the common sense of Senators the question whether, in their judgment, what was done last year was profitable. It was a fact that there were between twelve and fourteen million bales of old cotton carried into the beginning of the new-crop year. That twelve or fifteen million bales was about the world's consumption of American cotton, had we not produced a bale. If we had not produced another bale of cotton in 1933, the world would have had an approximately adequate supply of American cotton for the year 1934.

We were confronted with an enormous surplus, and I made the proposition, and received support, I am glad to say, of the majority on the other side of the Chamber, that the Government buy that surplus at the ridiculously low price at which that cotton was being sold, and say to the farmers, "As it cost anywhere from 14 to 16 cents a pound to produce cotton, we will buy this year's supply if you will enter into an agreement with the Government to accept the cotton which we thus buy at, say, 6 cents a pound, you not to plant next year, and allow this year's surplus to be substituted for 1933 production. Then when the Government markets that cotton, under the impulse of the law of supply and demand, the difference between what the Government paid, namely, 6 cents, and what it sells it for, deducting the overhead, will be given to you."

I had the support of the economic world in that proposition, because we had a year's supply in excess of the demand and the price had gone to a point where it did not represent half the cost of production. I finally got the Government to agree that the cotton that had been bought by the unfortunate Farm Board might thus be used. I say "unfortunate", but I will add, in passing, that I believe the Farm Marketing Act was as good legislation as ever passed, although it could not survive the terrific onslaught from the organized opposition. I do not hold any brief for the members of the Farm Board or for what they did; but I say the law itself, had the farmers joined, could have been made a success. However, I did persuade the Government—Mr. Hoover did not sign the bill nor did he comment on it—to offer to the farmer the cotton it held, and which ultimately amounted to approximately 4,000,000 bales.

What did the Government do? It said to the farmers, "If you will reduce your acreage 25 percent, we will sell you any cotton that we own at 6 cents a pound—as much cotton as you would produce on the acreage that you agree to eliminate."

To illustrate, suppose I had a hundred acres and agreed to reduce that acreage 25 percent. Say, on that 25 percent, for an average of 5 years, I had made 10 bales of cotton. The Government says, "All right; we will give you an option on 10 bales at 6 cents a pound. You may plant the other 75 acres, and what you make on the 75 acres, plus what we give you an option on, will make your full crop." More profit would come from the option cotton than from the cotton I made, because the Government took it at a dead flat rate of 6 cents a pound for $\frac{3}{8}$ -inch staple grade middling, with the premiums above and all discounts below.

If cotton should go to 10 cents a pound, by virtue of taking out 25 percent of my acreage, I got the difference between 6 cents a pound and 10 cents a pound, which every farmer got, and it did not cost him a nickel; it did not cost the Government a nickel, because the advance in the price by lowering the prospect of the yield put cotton to 10 cents a pound. The Government got back its 6 cents and all overhead, and the farmer got \$20 a bale on cotton which he himself did not that year produce.

Whenever a farmer himself decided that he would rather have the money than the cotton, the Government gave him anywhere from ten to fifteen dollars an acre. That was profit, because there is not a farmer in the Cotton Belt who makes ten to fifteen dollars an acre net profit. Therefore, those who said that it did not benefit the farmer, I suppose, must have said it from some insane asylum or dictated a reply there, because no man can truthfully say that it did not increase by 100 percent the profit to the farmer on the part of the crop reduced.

Now let me recapitulate. The farmer did have to sell one bale less than he would if he had planted his entire acreage, because for the amount he reduced the Government substituted cotton, pound for pound and bale for bale, from what the Government had on hand. What happened? The farmer got 10 cents a pound in place of 5 cents for what he did produce. If he had produced it within that 10 cents, he got a little profit. On the land that was taken out of cultivation, if he took the option on cotton, he made a clean profit of \$20 a bale.

Mr. CLARK. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Missouri?

Mr. SMITH. I yield.

Mr. CLARK. Am I to understand from those remarks that the Senator from South Carolina has studied and knows as much about cotton and cotton production as does the Senator from Ohio [Mr. FESS]?

Mr. SMITH. Oh, no. I am just giving my experience. [Laughter.]

I see my good friend from Connecticut [Mr. WALCOTT], who collaborated with me in trying to get the Government to see how it would not cost a penny and how it would be of infinite benefit to the producer if he plowed up the cotton, the Government substituting pound for pound and bale for bale of the cotton it held; and where the producer did not elect to take cotton, then to give him anywhere from \$10 to \$12 an acre and, in addition to that, to let him plant on that abandoned acreage anything he saw fit for home consumption.

What idiot, what moron would not grasp at any such proposition as that where he had a dead-certain profit if the price rose at all—and by virtue of the reduction it was indicated that it would rise, and it did rise—and how could any set of men, 2,000 in number, say he did not get a benefit out of it?

Not only was the benefit manifest, because cotton rose from 5 cents a pound in the midst of the depression until today it is 12 cents a pound, \$35 a bale advance in price, but what has been the report from the Bureau of Internal Revenue? By virtue of that rise in the price of cotton the income taxes have increased, according to the returns received up to the 15th of March, to the point where the Government had received back in increased income taxes twice as much as it ever paid for these benefits to the farmer.

Let us not make any mistake about it. I understand that the cotton buyer and the cotton speculator get the same profit out of a bale of cotton with cotton at 5 cents that he does with cotton at 50 cents. The ginner gets the same profit whether cotton is 5 cents or 50 cents.

Mr. FESS. Mr. President—

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Ohio?

Mr. SMITH. I yield.

Mr. FESS. On the question of increased income taxes, was that increase from the cotton producers?

Mr. SMITH. Yes; and from those who handle the cotton. There is more margin of profit in cotton that brings 12 cents than in cotton that brings only 5 cents.

Mr. FESS. My income tax this year is much higher than it was last year, and I am not a cotton producer.

Mr. SMITH. I know. The Senator is one of our well-known multimillionaires. [Laughter.] I am talking about the average somebody.

Mr. FESS. Oh, no; I have not anything.

Mr. SMITH. Then the Senator did not pay any income tax.

Mr. FESS. I have not anything except my salary, but I have a good deal more income tax to pay this year than a year ago. The Senator does not mean that the increase in income tax indicates there is increased prosperity, does he?

Mr. SMITH. What is the use to cavil about this? The tax is there and the figures are there showing that more people are paying an income tax this year than before.

Mr. FESS. Since the Senator has entered upon that matter, let us get the income-tax list under the law preceding the last revision of taxes and see how many have been added to the income-tax list by virtue of the last revision, and then see how much is added to the increased taxes, rather than putting it on the ground of increased prosperity.

Mr. SMITH. Oh, I am not going into that.

Mr. FESS. No; I thought not. [Laughter.]

Mr. SMITH. The reason why I am not going into it is because up to last year, if the income rate had been revised down to zero, most of the people in my State would not have paid any tax, because they did not have anything on which to pay an income tax. This year they have.

Mr. President, I state without fear of contradiction that a crop which is exposed to ridicule and which has no attention paid to it so far as Federal legislation is concerned, that will accomplish what I have said in the way of increased income taxes, is worthy of consideration. I have been called "Cotton Ed", and it has been said of me, "He talks cotton and nothing else." But, Mr. President, cotton has held the balance of trade in favor of the United States for 70 years.

Mr. FESS rose.

Mr. SMITH. No; I am not going to yield.

Mr. FESS. Oh, please yield. [Laughter.]

Mr. SMITH. No; I am not going to yield.

Mr. FESS. I want to pay a compliment to my friend from South Carolina.

Mr. SMITH. As I get so few compliments, the Senator may proceed.

Mr. FESS. I simply want to state to the Senate and to my friend from South Carolina that his persuasiveness in the years past has been so great that I have voted with him on the matter he mentioned a while ago. I never in the world would have done it if it had not been for his powers of persuasion and his knowledge of cotton far beyond anything I have ever known in anyone else.

Mr. SMITH. I thank the Senator. I knew there was something good in the Senator from Ohio. [Laughter.]

In 1929 the American cotton crop of raw cotton brought \$1,500,000,000, some \$800,000,000 of which came from Europe and the foreign world. Think of a crop that produces \$800,000,000 annual accretion to the resources of the United States. Yet we stand here and fight day after day, asking the question, what does it cost to produce cotton, when every American citizen knowing that we have a monopoly of real commercial cotton of the world should not ask the question, what does it cost to produce it, but what can we

honestly and legitimately get out of it for the benefit of all American commerce?

Mr. CLARK. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. CLARK. So far as Missouri is concerned we raise not a great deal of cotton, although we raise the best cotton in the world. Therefore I am not primarily interested in this question from the local standpoint of my State. I would like to ask the Senator whether it is not true that the rise in the price of cotton has led the way out of every depression the United States ever had in its history?

Mr. SMITH. If anyone will study our panics back as far as 1840, he will see that American cotton and the demand for it has led us out of every depression, as the Senator has stated.

Mr. President, I want to address myself for a little while to the proposition that is before us. Anyone who knows my history in the United States Senate knows that I am among the men who are most averse to Federal interference in State affairs. But we are in a condition never paralleled before in the history of America. We are suffering the birth pains of a new era. We are being born into an age that has no precedent in the history of organized civilization.

The miracles of the discoveries of science have absolutely obliterated every landmark, and caused labor conditions that are threatening the very foundations of our Government today. There has been made possible an aggregation of capital that has startled the world and threatened our financial and economic life. I know that we have to meet a brand new condition with brand new policies, radical conditions with radical policies. The situation today in reference to the cotton situation is hardly different from what it was a year ago. What was our experience?

We cut down the acreage 25 percent, and then occurred one of our phenomenal cotton years. On the reduced acreage we made almost an average crop, perhaps an average crop, not through any collusion on the part of the farmers who went into the undertaking in good faith, but because of the phenomenal weather conditions. The lint produced per acre last year was the greatest, I believe, in the history of cotton production. It may not be repeated again in years; but we did reduce the yield from an estimated 17,000,000 bales to about 13,000,000 bales.

Now, listen: When the Senator from Alabama [Mr. BANKHEAD] introduced his bill carrying with it the compulsory feature—first he had the license feature—the Secretary of Agriculture called me in and asked me what I thought of it. I said, "I am just not going to vote for Federal compulsion in agriculture unless a majority of the cotton producers, uncoerced, unthreatened, will answer your questionnaire, and a majority of them say, 'We want a compulsory law.'" He sent out questionnaires to practically every cotton farmer in the South, and more than 85 percent said, "We want the law."

The Senator from Ohio [Mr. FESS] and others here talk about the hardships we are going to inflict on the farmer. You can send to the Agricultural Department and get the names and addresses of 85 percent of the cotton producers of the South who have asked for this legislation. Why? In the first place, to forestall the exigencies of the season. If the farmer who, in good faith, has entered into acreage reduction by virtue of a splendid season should make more, he should be estopped from putting it on the commercial market. The Department figured that as we will have 10,000,000 bales of carry-over on the 1st of August 1934, if we do not put on the market more than 10,000,000 bales there will be a world supply of American cotton of 20,000,000 bales. If the present rate of consumption continues, which has jumped up in the last 2 years to 15,000,000 bales, we will have at the end of the cotton years of 1935-36, 5,000,000 bales, which is only about a million and a half bales above what the trade must have of old cotton. In other words, we will practically be back to normalcy.

But 10 or 15 percent of the farmers have not signed this agreement. You will find that that was the case when they volunteered to reduce their acreage. Eighty-five percent

have said, "We want to get rid of this surplus. We want a major operation to get rid of the appendix. It is threatening our lives. Let us have a major operation and cut it off."

Somebody talks about this being a permanent policy. Who in thunder wants to be operated on for appendicitis every year? We want to get rid of the appendix and get back to normal health, and go on and attend to our businesses without any further operations.

I said the farmers wanted to control themselves. Then there are men who, under the voluntary plan, will double and quadruple their fertilizer and make more on 60 percent of their acreage than they formerly did on 100 percent, or as much. There are others who will quadruple and quintuple their crop, hoping to benefit by the sacrifice of the other fellow.

What does the Government say in this respect? It says, "Are you willing for us to impose a tax, so as to put everybody in the same wagon, under the same rules, and subject to the same regulations, so that there will be no slackers or dodgers or profiteers at the sacrifice of other people, if there is a sacrifice?" And 85 percent of them say, "We are."

Now, it is just as voluntary to call upon them to bind themselves with this act as it was to call upon them to enter voluntarily into an enforceable contract that they would reduce their acreage. It is, to all intents and purposes, a voluntary thing.

What will be the result if we do not apply compulsory reduction?

I have said to my colleague the Senator from Alabama [Mr. BANKHEAD], "I think the tax ought to be collected at the gin, for the reason that the Census Bureau down here is going to report the number of bales ginned. It is not going to report how many bales have the privilege tax on them or how many bales have not. Therefore, if they are all ginned, they will say to us, 'Oh, yes; you have got the same thing.'" Well, we cannot sell seed cotton. That is not a commercial article in the sense of ordinary commercial terminology. Therefore, collect this tax at the gin. If the man honestly makes more than he intended to make, it will not hurt him to hold that surplus and apply it on the next year's crop. It will work no hardship on anybody, for this reason: People talk about going in and by compulsion curtailing and regulating the farmer's crop. I hope this year will be the only year it will be necessary, because if we reduce the crop to 10,000,000 bales or less, a great deal is going to depend on the season. The farmers themselves have asked for it. Their requests are on record in the Agriculture Department.

Now what will happen?

The Government says to them, "We will give you 3½ to 4 cents a pound for the average amount of cotton you made on the acreage you have taken out." That is theirs. "In addition to that, you can grow on that acreage for home consumption any crop that you desire. In addition to that, we have every reason to believe that the price will go up"; so that the farmer will get more for what he does make, he will get a good profit on what he does not make, and he will have an option on nearly one half of the carry-over that we have.

Now let us recapitulate:

If the farmer cuts down, he is allotted just so many bales, which cannot exceed 10,000,000, and he will get a better price for what he does produce; he will get 3½ or 4 cents a pound for what he does not produce; and if cotton should go up, he will get his premium on the equity he holds in the 4,000,000 bales now held by the Government in trust for him. He would be an infernal fool if he did not want to get into this thing, and get in now. Mark my words: The only people who are fighting this measure are the gin men, the fertilizer people, the speculators, et al., because it does not make any difference to them whether cotton is 5 cents or 50 cents a pound, they get theirs.

Mr. President, I wanted the Senate to understand that under ordinary conditions I would not be here advocating this radical move—and it is radical—but we have as much right in this emergency to ask for radical measures to cure

radical conditions as you had to name the hours of labor and the minimum price in my State. You have as much right to do this thing as you had to require the application of the doctrine of the codes and the N.R.A. We are suffering. You do not balk at that; but the minute we begin to talk about aiding farmers there are a million excuses.

Did I not come here and ask for \$100,000,000 to help those who are stripped of all financial resources, who have nothing to put up as security but the prospective crop they may make? This one and that one and the other one held up their hands in holy horror that that assistance should be asked for 6,000,000 farmers whom you go in debt to every day you go into the restaurant or into a dining room. You are in debt to the farmer for the clothes you have on, for the shoes you have on, for the food that you eat; but when he comes and asks for \$100,000,000 to enable all the farmers in America to stay home and make a crop, you cut it down to \$40,000,000, and then the Department added such expenses as to make it unavailable even to those who can qualify with a financial statement.

Now we come here and ask you, in response to the request of 85 percent of all the cotton growers of the South, to put them all in the same category, make them all toe the same mark, and relieve us of this horrible incubus, the surplus, in order to have us in such shape that there will be no question about what will be the commercial crop.

I am no more in favor of this kind of legislation than you are except in this emergency.

Mr. HASTINGS. Mr. President—

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Delaware?

Mr. SMITH. I yield.

Mr. HASTINGS. How long has it been since the cotton farmer was prosperous?

Mr. SMITH. About the year 1.

Mr. HASTINGS. Then this is not an emergency measure for the cotton farmer.

Mr. SMITH. There are degrees in damnation, as the Senator knows. [Laughter.]

Mr. HASTINGS. How long has it been since their condition has been worse than it is today, under the present operations?

Mr. SMITH. Under the present operations of what?

Mr. HASTINGS. Of the A.A.A.

Mr. SMITH. It has been improving since the enactment of the law providing for the plowing up of acreage.

Mr. HASTINGS. Are they better off now than they were in the year 1929 or 1928?

Mr. SMITH. No.

Mr. HASTINGS. Or 1927?

Mr. SMITH. No.

Mr. HASTINGS. Which of the years has been the best of those four—1927, 1928, 1929, or 1933?

Mr. SMITH. I should say along about 1927, 1928, and 1929 the farmer was doing fairly well. He was at least living.

Mr. HASTINGS. I have been in the Senate 5 years, and my recollection is that during all of that time the Senator from South Carolina has been complaining about the farmer's condition, and I was just wondering whether he could name a year when it was satisfactory.

Mr. SMITH. I see what the Senator is driving at. We started in 1928, with the storms which desolated Puerto Rico, and swept up the Atlantic seaboard and destroyed the crops. Senator Hiram Bingham stood on this floor and asked for \$30,000,000 to rehabilitate Puerto Rico. Our own people had suffered just as badly as had the Puerto Ricans. The crops were destroyed; there was nothing left; and I asked for \$6,000,000 to help our own people.

Mr. HASTINGS. Is it true that the Senator appeals to Congress when the farmers do not produce enough, and appeals to Congress again when they grow too much?

Mr. SMITH. If both conditions are disastrous, why should we not? Will the Senator answer that? If both of them are disastrous, and this is the only place to get relief, why should we not appeal?

Mr. HASTINGS. I suppose Congress might hope that the same disaster would not happen twice in the same year.

Mr. SMITH. I hope so, too; but under the Republican regime it happened two or three times a year. [Laughter.]

Mr. HASTINGS. This is a Democratic administration. We are out of the Republican administration now. We are in a different situation.

Mr. SMITH. The Senator means we are struggling to get out. That is why I am here appealing for the farmers, on account of what has happened.

I think there are certain amendments which the Senator from Alabama will offer which will improve the bill. There is not a business in the United States that has not already felt the impulse from the rise in the price of cotton. It is impossible to have \$350,000,000 to \$400,000,000 of foreign capital flowing into this country without business feeling the impulse. I ask all my friends—and I have many on the other side—to view this matter from the standpoint of an emergency, and the request of 85 percent of the cotton growers to put us all in a condition where we can with assurance look for the elimination of that terrible incubus of an enormous surplus, and not let the South, through any exigencies of weather, be placed in this Gethsemane for an interminable length of time.

Mr. President, all but a few of the farmers want it, and I think that we would find an Ethiopian in the wood pile if we examined those few. I have no doubt that we would.

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. COUZENS. Would the Senator be willing to take out sections 2 and 3, which sections would give the President authority to extend the operation of the act?

Mr. SMITH. Frankly, I do not believe those provisions are necessary. I think that if we could confine the act to 2 years, that would be enough.

Mr. COUZENS. I think those sections ought to come out, then.

Mr. SMITH. That is my own frank opinion.

Mr. COUZENS. I should prefer to have the Senator from South Carolina come and tell us the necessity of extending the act, rather than leaving it to someone outside of Congress.

Mr. BANKHEAD. Mr. President, will the Senator from South Carolina yield?

Mr. SMITH. I yield.

Mr. BANKHEAD. Let me say to the Senator from Michigan that I have an amendment on the clerk's desk which would limit the act to 2 years.

Mr. COUZENS. I would like to ask the Senator from Alabama why we cannot determine about the length of it, instead of leaving it to the President. I recall that when the Banking and Currency Committee had before it the proposal for the extension of the R.F.C. Act, we limited the operation of the act to March 1, 1935. In other words, we will be back at that time, and why delegate this power to an individual when we are to be here and could deal with it ourselves?

I hope the Senator will not ask that we give this authority to an individual to extend the act, or to curtail the act at any time at his will. It seems to me that the operation of this act extended for 2 years is quite enough, and that we ourselves ought to be able to determine whether it is necessary to extend the act further after that time.

Mr. BANKHEAD. Mr. President, the only trouble about it is the difficulty of getting congressional action, which the Senator recognizes. I regard the safeguard of requiring favorable action on the plan by two thirds of the farmers as being a proper safeguard. The President then may not take action unless he is satisfied that two thirds of the farmers want to put the act into operation. If it were merely the question of a declaration by any one person, such as the President, or the Secretary of Agriculture, I quite agree with the Senator, but this measure would require affirmative action by two thirds of the producers.

Mr. RUSSELL. Mr. President, does the action by the two thirds of the producers refer to every year, or only the year 1934-35?

Mr. BANKHEAD. It applies all the time, except that for this year it has been tested. After this year there will be required a vote of two thirds of the producers to put it into operation.

Mr. LONG. Mr. President, I want to say to the Senator from Alabama that I agree with the Senator from Michigan. I am from a cotton-producing State, and I do not think the Senator from Alabama should insist on that provision remaining in the bill.

Mr. BANKHEAD. If that is the sentiment here, I will not insist upon it. I know that some year in the future we may get a bigger surplus, and the Senators might want to apply the act. It would provide self-government for the farmers; that is all. If there is any developed sentiment here against it, I shall not insist upon it. I think it would very much strengthen the bill.

EMERGENCY AID IN EARTHQUAKE, FLOOD, ETC.

The PRESIDING OFFICER (Mr. OVERTON in the chair) laid before the Senate the action of the House of Representatives disagreeing to the amendments of the Senate to the bill (H.R. 7599) to provide emergency aid for the repair or reconstruction of homes and other property damaged by earthquake, tidal wave, flood, tornado, or cyclone in 1933 and 1934, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. ROBINSON of Arkansas. I move that the Senate insist on its amendments, agree to the conference asked by the House, and that the Chair appoint the conferees on the part of the Senate.

Mr. McNARY. Mr. President, will the Senator state what the bill is?

Mr. ROBINSON of Arkansas. It is a bill introduced by the Senator from California [Mr. McAdoo] relating to loans by the Reconstruction Finance Corporation for certain purposes.

The PRESIDING OFFICER. The question is on the motion of the Senator from Arkansas.

The motion was agreed to; and the Presiding Officer appointed Mr. McAdoo, Mr. LONERGAN, and Mr. KEYES conferees on the part of the Senate.

REGULATION OF THE COTTON INDUSTRY

The Senate resumed the consideration of the bill (H.R. 8402) to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes.

Mr. McNARY. Mr. President, if I may have the attention of the Senator from Alabama, in charge of the bill, and the Senator from Arkansas, the leader of the majority, it is now the middle of the afternoon, our correspondence is heavy, and we have been in attendance on the floor of the Senate without cessation every day since Monday in the transaction of business of great importance.

The pending legislation, in my opinion, seeks to introduce a new philosophy into the agricultural industry of this country. Few Senators have had opportunity to study it. Several Senators who are very particular about having full information on the subject before they vote have stated that they hoped we might take a recess until Monday so as to afford them an opportunity to look into the legal aspects of the matter, and to read the cases which have been cited by the Senator from Alabama and the Senator from North Carolina. A great many of them have not read the debates in the House, and have not had opportunity to study the bill or read the report of the committee. In view of the situation, and the lateness of the hour, I suggest that the Senate at this time take a recess or adjourn until Monday.

Mr. ROBINSON of Arkansas. Mr. President, it seems to me that the suggestion of the Senator from Oregon is well worthy of consideration. I am disposed, with the approval of the Senator in charge of the bill, to move that the Senate take a recess until Monday.

Mr. LONG. Mr. President, I had hoped that the Senator from Alabama, if he is to withdraw the amendment, would do so now, because some of us might not be here Monday.

Mr. BANKHEAD. I withdraw the amendment. I stated that I would.

Mr. ROBINSON of Arkansas. The Senator from Alabama has announced his intention of withdrawing the amendment.

I understood that the Senator from South Carolina and the Senator from Oregon might wish to take up a matter, but I do not see the Senator from South Carolina in the Chamber. I understand that the Senator from Tennessee has some conference reports which he would like to submit, and I will ask for a brief executive session.

Mr. BANKHEAD. Mr. President, in view of the urgency of action on the pending bill, the measure having been under consideration in the House of Representatives for nearly 10 days, and it being 2 months since the Committee on Agriculture of the Senate held hearings on it and reported it to the Senate, I think we ought to have some agreement, if possible, about taking a vote on the bill on Monday. So I ask the leader on this side to consider and submit such a suggestion.

Mr. ROBINSON of Arkansas. Mr. President, I think that is a reasonable suggestion. I ask unanimous consent that at not later than 5 o'clock on Monday the Senate proceed to vote on all amendments which may be pending or which may be offered and upon the bill to its final disposition.

Mr. McNARY. Mr. President, the Senator knows that would require a call for a quorum. I should be willing to consider a limitation on debate.

Mr. ROBINSON of Arkansas. Very well. I will modify the request so that after the hour of 4 o'clock on Monday no Senator shall speak more than once or longer than 10 minutes on the bill or any amendment that may be pending or that may be offered. Is that satisfactory?

Mr. McNARY. If the limitation were made 15 minutes, I should have no objection.

Mr. ROBINSON of Arkansas. Very well; I will modify the request so as to make it 15 minutes rather than 10 minutes.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

STATE, JUSTICE, ETC., DEPARTMENTS APPROPRIATIONS—CONFERENCE REPORT

Mr. McKELLAR. Mr. President, on yesterday, as I have already explained to the minority leader, the Senator from Oregon [Mr. McNARY], in agreeing to the conference report on the appropriation bill for the State, Justice, Commerce, and Labor Departments, there was a mistake made, for which no one is to blame. In the item of \$3,000,000, in line 13, page 110 of the bill, there was substituted \$2,775,000. That was not what the conferees agreed to. I ask unanimous consent that the vote by which the conference report was agreed may be reconsidered for the purpose of correcting that error.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the vote by which the conference report was agreed to is reconsidered.

Mr. McKELLAR. I now ask leave to withdraw the report and to substitute therefor a report of the conferees with the corrected figures adopted by the conferees.

The PRESIDING OFFICER. Without objection, the report is withdrawn. The Senator from Tennessee submits in lieu thereof another report. Is there objection to the immediate consideration of the report thus submitted? The Chair hears none.

The report was agreed to as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7513) making appropriations for the Departments of State and Justice and for the judiciary, and for the Departments of Commerce and Labor, for the fiscal year ending June 30, 1935, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 7, 9, 17, 20, 28, 33, 35, and 36.

That the House recede from its disagreement to the amendments of the Senate numbered 2, 3, 10, 11, 12, 13, 14,

16, 18, 22, 23, 25, 26, 27, 29, 30, 31, 32, 34, 37, 39, 42, and 43, and agree to the same.

Amendment numbered 4: That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment as follows: Restore the matter stricken out by said amendment, amended to read as follows: "Provided further, That no part of this appropriation shall be used for allowances for living quarters, including heat, fuel, and light, in an amount exceeding \$3,000 for an ambassador or a minister, and not exceeding \$1,700 for any other Foreign Service officer"; and the Senate agree to the same.

Amendment numbered 6: That the House recede from its disagreement to the amendment of the Senate numbered 6, and agree to the same with an amendment as follows: At the end of the matter inserted by said amendment insert the following: "Provided further, That no part of the appropriation made herein shall be expended for the purchase of old buildings"; and the Senate agree to the same.

Amendment numbered 15: That the House recede from its disagreement to the amendment of the Senate numbered 15, and agree to the same with an amendment as follows: Restore the matter stricken out by said amendment, amended to read as follows: "and not to exceed \$1,700 for any one person"; and the Senate agree to the same.

Amendment numbered 24: That the House recede from its disagreement to the amendment of the Senate numbered 24, and agree to the same with an amendment as follows: Restore the matter stricken out by said amendment, amended to read as follows: "Provided, That the maximum allowance to any officer shall not exceed \$1,700"; and the Senate agree to the same.

Amendment numbered 38: That the House recede from its disagreement to the amendment of the Senate numbered 38, and agree to the same with an amendment as follows: Restore the matter stricken out by said amendment, amended to read as follows: "not to exceed \$1,700 for any person"; and the Senate agree to the same.

Amendment numbered 40: That the House recede from its disagreement to the amendment of the Senate numbered 40, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$165,000"; and the Senate agree to the same.

Amendment numbered 41: That the House recede from its disagreement to the amendment of the Senate numbered 41, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "\$3,700,000, of which not less than \$200,000 shall be expended for veterans' placement service and"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 1, 5, 8, 19, and 21.

KENNETH McKELLAR,
RICHARD B. RUSSELL, JR.
KEY PITTMAN,
GERALD P. NYE,

Managers on the part of the Senate.

W. B. OLIVER,
ANTHONY J. GRIFFIN,
C. A. WOODRUM,
ROBERT L. BACON,
FLORENCE P. KAHN,

Managers on the part of the House.

CARRIAGE OF AIR MAIL BY THE ARMY—CONFERENCE REPORT

Mr. McKELLAR. Mr. President, I have another conference report which I desire to call up. It is the conference report on the temporary air mail bill, which was submitted several days ago. I ask that it be now considered.

The PRESIDING OFFICER. Is there objection to the present consideration of the report? The Chair hears none. The report will be read.

The Chief Clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill

(H.R. 7966) to authorize the Postmaster General to accept and to use landing fields, men, and material of the War Department for carrying the mails by air, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 1 and 3.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "pension at the rate prescribed in part 1, Veterans' Regulation No. 1 (a), and amendments thereto: Provided, That in the event of injury of any such officer or enlisted man the degree of disability resulting therefrom shall be determined pursuant to the rating schedule authorized by Veterans' Regulation No. 3 (a): Provided further, That choice shall be made of the benefits provided in sections 4 and 5 of this act"; and the Senate agree to the same.

KENNETH McKELLAR,
CARL HAYDEN,
THOMAS D. SCHALL,

Managers on the part of the Senate.

M. A. ROMJUE,
FRANK H. FOSS,
CLYDE KELLY,
W. F. BRUNNER,
HARRY L. HAINES,

Managers on the part of the House.

The PRESIDING OFFICER. The question is on agreeing to the report.

Mr. McNARY. Mr. President, I do not understand the nature of the report.

Mr. McKELLAR. It is the conference report on the temporary air mail bill. It has been agreed to by the representatives of both Houses.

Mr. VANDENBERG. Mr. President, will the Senator state what happened to the amendment which I offered?

Mr. McKELLAR. It was accepted absolutely as the Senator offered it.

Mr. VANDENBERG. I thank the Senator.

The PRESIDING OFFICER. The question is on agreeing to the report.

The report was agreed to.

UNITED STATES BOARD OF INDIAN COMMISSIONERS

Mr. WALCOTT. Mr. President, I desire to submit a brief report which emanates from the so-called "Board of Indian Commissioners" appointed by the President each year, and in connection with it I will make a brief remark.

The United States Board of Indian Commissioners was created by act of Congress on April 10, 1869, an act which provided for the appointment of 10 citizens, eminent for intelligence and philanthropy, who would serve without pay and who were commissioners to visit and inspect Indian reservations and other branches of the Indian Service and report their recommendations.

I should like to have the names of those composing the last Board of Indian Commissioners inserted in the Record at this point.

There being no objection, the list of names referred to was ordered to be printed in the Record, as follows:

United States Board of Indian Commissioners: Warren K. Moorehead, Andover, Mass.; Samuel A. Elliot, Boston, Mass.; Frank Knox, Chicago, Ill.; Malcolm McDowell, Wilmette, Ill.; Hugh L. Scott, Princeton, N.J.; Flora Warren Seymour, Chicago, Ill.; John J. Sullivan, Philadelphia, Pa.; Mary Vaux Walcott, Washington, D.C.; G. E. E. Lindquist, Lawrence, Kans.; Charles H. T. Lowndes, Easton, Md.; Samuel A. Elliot, chairman; Earl Y. Henderson, secretary.

Mr. WALCOTT. The purpose of the Congress was to set up a commission of reasonable permanence, having the sanction of the Government and composed of citizens who were acquainted with Indian problems and affairs, who should scrutinize Indian legislation and administration, detect and aid in remedying abuses, assist in the difficult adjustments of the Indians to an unfamiliar environment, act with entire

freedom in commendation or criticism of the plans and policies of the Government, and cooperate with the Secretary and the Commissioner of Indian Affairs in all efforts toward advancing the welfare of the Indians.

In all these directions the Board has rendered a good and useful service and has aided both the executive and the legislative branches of the Government in the solution of many difficult and perplexing problems.

Mr. WHEELER. Mr. President, I did not quite understand what the Senator from Connecticut was referring to. Is he offering a resolution or introducing a bill?

Mr. WALCOTT. Neither. This is a farewell to the Indian Commission, which has served for about 50 years. I submitted the report to the former Chairman of the Committee on Indian Affairs. He saw no objection to its being presented.

Mr. KING. No effort is being made to revive it?

Mr. WALCOTT. No effort is being made to revive it. It is a commendation of what they have done.

Representative citizens from all parts of the country—officers of the Army and Navy, presidents of colleges, clergymen, lawyers, scientists, journalists, men of large business affairs—have given diligent and disinterested service, visiting all parts of the Indian country, holding regular meetings in Washington or in the field, drafting needed legislation, conferring with the responsible executive officers, advocating policies before the committees of Congress, recommending improvements in plants and personnel, urging attention to neglected duties, watching contracts for supplies, and in many ways helping to educate the Indians in the principles, industries, and arts of a Christian civilization.

The efficiency of the conduct of Indian affairs is obviously impoverished when men like these are deprived of the opportunity of giving their official but uncompensated aid to the solution of the many problems that still confront the Government in its relations to its native American wards. It would be incredible if such a board, in its final report, did not have something to say worthy of the consideration of the Members of Congress and of the officers of the Department of the Interior.

Mr. President, I ask to have printed at this point a brief report concerning the United States Board of Indian Commissioners.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

EXCERPTS FROM THE SIXTY-FOURTH REPORT OF THE UNITED STATES BOARD OF INDIAN COMMISSIONERS FOR THE YEAR ENDED JUNE 30, 1933

Long observation and study have confirmed us in the opinion that one of the worst of the evils which afflict the dealings of the United States Government with the Indians is the superficiality and disconnectedness of the undertaking. The long history of those dealings has been a story of temporizing and postponing, of patchwork and makeshifts, of ambitious starts toward undefined goals, of half-hearted support of processes whose purposes have been quickly forgotten. The lack of a definite objective by which to judge methods and actions, the failure to visualize a comprehensive purpose behind the welter of laws and appropriations, activities, and institutions, has reduced a vast bulk of well-meant effort to futility.

In the judgment of this board the administration of Indian affairs, whether touching property, health, education, or social well-being, should all be directed toward the preparation of the Indians to be self-supporting, self-respecting citizens, ready to take their places in the normal life and labor of their native land. To this end certain legislative and executive acts are absolutely essential.

1. We again urge the passage of an act which will define an Indian and which will provide that no person of less than one-fourth Indian blood shall be eligible to continuing Federal care and supervision.

Thousands of people who have only a remote claim to an Indian inheritance are now getting benefits to which they are not entitled. Because a man's grandmother told him that her grandmother was an Indian is an insufficient reason for giving that man's children education, board, lodging, clothes, medical and dental care, at the expense of the taxpayers of the United States. Why should people with one thirty-second or one sixty-fourth of Indian blood be rated as Indians? So long as there are hand-outs coming to such people they will continue to press their preposterous claims.

2. We again urge the passage of an act to secure the codification of all the laws and treaties relating to Indians with a view to removing the present complexity and confusion.

Before any definite progress can be made in Indian affairs, the tangled muddle of acts and regulations and treaty obligations must be cleared up. This necessity has often been emphasized in the reports of this Board, but the Indian Service continues to be tied up in a smothering lot of conflicting and contradictory laws. Under such conditions it often proves that the only safe thing for an executive officer to do is to sit still and do nothing. If he moves a step in accordance with one act, he will become liable to indictment under another act. The slightest operation is charged with a score of implications or obstructed by ancient and forgotten barriers. No policy can be inaugurated or any outworn practice modified without a vast amount of floundering in the great intricate web of rules and regulations. We urge the passage of the bill providing for the codifying and simplifying of Indian law.

3. We believe that the extension over the Indian reservations of the sanitary and criminal laws of the several States is required and demanded both for the protection of society and for the welfare of the Indians.

A decent respect for law is at the root of our civilization. Why should 200,000 American citizens be permitted to enjoy the privileges of citizenship without acknowledging the duties of citizenship? Why should an Indian reservation continue to be a possible or active nursery of disease and lawbreaking? Is it not an injustice to the Indians themselves to keep them exempt from the legitimate restraints which regulate the conduct of their white neighbors? Years ago when the Indians were isolated and living in a primitive fashion, it was proper enough to let them handle their own offenders after their own customs, but now the situation is radically and permanently different. Whites and Indians are commingled. Railroads and highways cross and skirt the reservations. Thousands of Indian children are attending the public schools with the children of their white neighbors. Most Indians are living as white men live, and they are perfectly able both to comprehend and to obey the laws. It is preposterous that an Indian should be able to commit a crime and then avoid arrest and punishment just because he lives on a tract of land called a reservation. From that refuge he can defy the sheriff and the courts and the law of the State of which he is a citizen. The remedy for this outrageous situation is plain and simple. Make the laws of the State enforceable on an Indian reservation just as they are everywhere else, giving, if need be, the Secretary of the Interior authority to exempt, for the time being, the jurisdictions where he may find reason to believe that Indian life is still too primitive to make such application justifiable and appropriate.

4. We advocate the gradual transfer of responsibility for the health, education, and general welfare of the Indians from the Federal Government to the care and authority of the States in which they live.

There has long been a great diversity in the matter of State and Federal jurisdiction in Indian affairs. Maine has always, in a self-respecting fashion, taken complete responsibility for the welfare of the Indians living on the reserves at Old Town and Point Pleasant. New York has long taken the major responsibility for the health and education of the 6,000 Indians living on the reservations in that State. This work is done with judicious and discriminating care by the appropriate State departments. Because of some small treaty obligations which go back into the eighteenth century, the Federal Government still maintains an agency at Salamanca, but the duties of the agent are confined to the distribution of certain gratuities provided for in these ancient treaties. The Thomas Indian School, maintained by the State for orphans or children from broken homes, is an admirable institution, ranking with the best of the Federal schools in other States. The legal status of the New York Indians is still uncertain, and an act of Congress giving the State courts complete jurisdiction is highly desirable.

In Virginia and South Carolina small bands of so-called "Indians", but of much-diluted blood, are occasionally aided by the State departments of health or education, but they have no Federal relations. In North Carolina, on the other hand, the Eastern Cherokees, living on a beautiful reservation in the western part of the State, are entirely under Federal guardianship, though many enrolled members of the tribe are living in the white communities scattered through the western counties and have practically been absorbed into the normal citizenship of the State. In Florida the few remaining Seminoles, living in scattered families in the Everglades, want, for the most part, just to be let alone. There is a Federal agent, who tries to help where he can, and State agents and public-spirited citizens of the towns and cities are usually helpful and cooperative.

The best thing that can happen now for the Florida Seminoles is the passage of the bill creating the Everglades National Park. This bill passed the Senate in the last Congress, but was held up in the House of Representatives. Mississippi some 20 years ago was successful in wishing a band of so-called "Mississippi Choc-taws" on to the Federal Bureau. This was obviously a step backward, where the Federal Government assumed responsibility for Indians who had long been taking care of themselves. Most of the other States east of the Mississippi have no Indian population and no problems. In Michigan, Wisconsin, and Minnesota slow but steady progress is being made in developing the cooperation of the State and Federal agencies. In Wisconsin and Minnesota the State commissioners of health, education, and public welfare work with the Federal authorities, preventing duplication and promoting efficiency. Michigan might well take over the care of the scattered bands in the Lower Peninsula. Iowa, Nebraska, and

Kansas might well assume responsibility for the small groups of Indians who live on or about the little reservations remaining in those States. These Indians are in close contact with the white communities and, except for their exemption from taxation and their demoralizing immunity from the control of the law, they live as their white neighbors live. California has just authorized the appointment of a commission, including the officers of the appropriate State departments, to work with the Federal authorities for the welfare of the California Indians. California has a much larger Indian population than any of the other States that have thus far undertaken such responsibilities. Progress in these directions will necessarily be slower in the States which have smaller resources and larger Indian populations. * * *

5. We have always urged as one of the primary duties of the Bureau of Indian Affairs the promotion of the health of the Indians living on the reservations by the enforcement of suitable hygienic and sanitary regulations and by adequate medical and surgical service.

There has been a real improvement in the health of the Indians in the last few years and there has also been a change for the better in the hospital facilities and personnel of the Indian Medical Service, * * * but higher standards for living quarters and increased pay will be requirements to make the health work among the Indians attractive to efficient doctors and nurses who, from the very nature of their duties, must accept isolated posts in the field and forego many conveniences which are part of the ordinary life of more advanced communities. * * * A probationary service should be required of every applicant for an appointment in the Medical Service. During his probationary period he should not be assigned to independent duty but detailed as an assistant in one of the larger service hospitals. His work at his first assignment, where he is under supervision of a physician with Indian experience, should determine whether he is suited for retention as a member of the permanent field medical staff. We urge more care in making sure that physicians entering the service have had an adequate training and experience in surgery and obstetrics. The Indian Service doctor is often so situated that he cannot call in specialists for difficult or abnormal cases. He has got to operate himself. He must be able to do emergency surgery and especially handle maternity cases skillfully and confidently.

We renew our recommendation that there be established at one of the larger Indian hospitals a school for training Indian girls to be practical nurses. This does not mean that the training should be of the standard required for the State board examinations for registered nurses. There is great need in the Indian Medical Service for practical nurses and many Indian girls are well qualified for this service, both in hospitals and among their own people. * * *

The dental work of the Indian Bureau is not up to standard and leaves much to be desired. The facilities for this service should be strengthened when funds are once more available for an adequate financing of such activities.

The institution at Canton, S.Dak., where Indians suffering from mental diseases are incarcerated is not a credit to the Department. It should be discontinued as soon as better accommodations and care can be provided elsewhere. The best place for insane Indians is at St. Elizabeths Hospital in Washington, a well-managed asylum, under the jurisdiction of the Department of the Interior. If the accommodations of St. Elizabeths are too crowded, and for any other reason are unavailable, then let arrangements be made with State institutions so that insane Indians can be cared for in the States where they live. * * * (Since this report was written the institution at Canton has been discontinued.)

6. We reaffirm our belief in an educational policy which will bring about the gradual transfer of Indian children from special and segregated schools to the charge of the public schools, but with provisions for homeless or orphan Indian children in Government boarding schools with a practical vocational and educational program.

We reassert our conviction that payments for tuition of Indian pupils in the public schools should be adjusted on the basis of the area of nontaxable lands in school districts rather than on rates fixed according to per capita costs, irrespective of the amount of lands in the possession of restricted Indians. * * *

We believe that teachers in the Indian Service should have a vestibule training in the special attributes of their work and that some acquaintance with the home life of the Indians is a necessity. A prescribed period of home visiting and study of reservation conditions should be required. For all teachers in the Indian schools, resourceful minds, Christian character, understanding of Indian peculiarities, common sense, grit, and gumption are more important than a college or normal-school degree.

We again warn against the precipitate or premature closing of boarding schools. There will be a long-time need of such schools to care for orphans, for children from broken homes or from districts remote from public schools, or from families whose nomadic life makes attendance at day schools impracticable. There should also be maintained for sometime schools where vocational training can be given and young Indians prepared for self-support in the various industries, wherein employment can be secured near their homes.

In the last 20 years no less than 52 Indian boarding schools have, for one reason or another, been closed. Some of these plants represented large investments of the money of the taxpayers, others were built by the use of tribal funds, others were old Army posts transformed into schools. We have caused a study to be made of what became of these abandoned plants.

The record is one from which certain warnings may well be taken, especially at a time when it is proposed to close more and bigger boarding schools than in any previous year. Of the 52 closed plants, 4 burned up, 6 were sold (4 of them to mission schools), 2 were transferred to some other department of the Government, 4 are used in part for local public schools, at 23—while most of the buildings are abandoned—some small units are still used for agency purposes, and 13 are not used for any purpose and are fast falling into ruin. * * * Can no values, either by sale or by use, be gotten out of these properties?

We renew our request for a consideration of the suggestion that two of the boarding schools, that might otherwise be closed, be established as special schools, one for boys and one for girls, for maladjusted young people. In almost all of the schools in the Indian Service we find the work handicapped and the morale imperiled by the presence of a small number of children who in white communities would be provided for in special schools for mental or moral defectives. Every State has institutions for the care of such cases, but Indian children of this type are scattered through the regular schools, and their presence impairs the efficiency of the school work and renders discipline difficult. For their own good, as well as for the good of the other children, these young people should be provided for in special schools or, where practicable, in the State institutions for the defective or delinquent.

7. The provision of facilities whereby Indians can secure suitable employment, and thus be more rapidly absorbed into the industrial life of the Nation, is another insistent need of the Service.

Another year of unsatisfactory employment conditions has been faced by the Indians, as well as the white citizens. The plans of the newly organized Employment Service of the Indian Bureau appear to be well devised, but we realize that at this time not much progress can be expected in a campaign of obtaining more work for the Indians. The Indian Bureau has, however, the opportunity to perfect the organization of its job-getting service so that it can function efficiently with the return of better times. No activity conducted for the welfare of the Indian has more promise than an organization the purpose of which is to take the Indian away from the old reservation life and place him on a self-supporting basis in the industries of the country.

FIELD SERVICE EMPLOYEES OF CIVIL WORKS ADMINISTRATION

The PRESIDING OFFICER (Mr. MURPHY in the chair) laid before the Senate a letter from the Administrator of Federal Civil Works, transmitting, in response to Senate Resolution 133, a report showing the number of persons employed in the field service of the Federal Civil Works Administration in each salary grade, segregated by States, together with the names and addresses of all persons receiving wages in excess of \$2,000 per annum.

Mr. HAYDEN. I move that the letter and report be referred to the Committee on Printing with a view to the matter being printed as a document.

The motion was agreed to.

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

The PRESIDING OFFICER. Reports of committees are in order.

There being no reports of committees, the calendar is in order.

POSTMASTERS

The Chief Clerk read the nomination of James G. Brown to be postmaster at Atmore, Ala.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Samuel J. Sanders to be postmaster at Fayette, Ala.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Ernest D. Manning to be postmaster at Florala, Ala.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Herman Pride to be postmaster at Georgiana, Ala.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of William M. Moore to be postmaster at Luverne, Ala.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Benjamin F. Beasley to be postmaster at McKenzie, Ala.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Edna E. Conner to be postmaster at Townsend, Del.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

That completes the calendar.

RECESS

The Senate resumed legislative session.

Mr. ROBINSON of Arkansas. Mr. President, I move that the Senate take a recess until 12 o'clock noon on Monday.

The motion was agreed to; and (at 3 o'clock and 57 minutes p.m.) the Senate took a recess until Monday, March 26, 1934, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate March 24 (legislative day of Mar. 20), 1934

APPOINTMENT, BY TRANSFER, IN THE REGULAR ARMY

TO ADJUTANT GENERAL'S DEPARTMENT

Maj. Walter Owen Rawls, Finance Department, with rank from July 1, 1920.

PROMOTION IN THE REGULAR ARMY

TO BE FIRST LIEUTENANT

Second Lt. Frank Jerdone Coleman, Air Corps, from March 14, 1934.

POSTMASTERS

ALABAMA

George W. Shaw to be postmaster at Carbon Hill, Ala., in place of W. V. Dodd, removed.

Ludwig Lindoerfer to be postmaster at Elberta, Ala., in place of A. H. Nagele, removed.

Ernest L. Stough, Jr., to be postmaster at Red Level, Ala., in place of R. E. Smith. Incumbent's commission expired May 23, 1933.

George W. Buck to be postmaster at Thomaston, Ala., in place of G. W. Buck. Incumbent's commission expired March 22, 1934.

ARKANSAS

William W. Harris to be postmaster at Earl, Ark., in place of N. M. O'Neill. Incumbent's commission expired January 5, 1933.

Ambrose D. McDaniel to be postmaster at Forrest City, Ark., in place of E. W. Connaway. Incumbent's commission expired September 19, 1933.

Harmon T. Griffin to be postmaster at Lake City, Ark., in place of D. E. Penick, removed.

Sue M. Brown to be postmaster at Luxora, Ark., in place of J. W. Seaton. Incumbent's commission expired December 11, 1932.

Elmer McHaney to be postmaster at Marmaduke, Ark., in place of A. M. Hall. Incumbent's commission expired December 16, 1933.

CALIFORNIA

Homer J. King to be postmaster at Banning, Calif., in place of W. E. Mack, removed.

George L. Vonderheide to be postmaster at Bishop, Calif., in place of A. A. Shirley, resigned.

William M. Welsh to be postmaster at Dunsmuir, Calif., in place of D. R. Geiger. Incumbent's commission expired January 29, 1933.

Howard Edwin Cooper to be postmaster at La Canada, Calif., in place of B. I. Metcalf. Incumbent's commission expired December 11, 1932.

Thomas F. Helm to be postmaster at Lakeside, Calif., in place of W. R. Darling, resigned.

Elvin M. Mitchler to be postmaster at Murphy, Calif. Office became Presidential July 1, 1933.

Howard V. Fournier to be postmaster at Niles, Calif., in place of C. M. Orcutt. Incumbent's commission expired December 19, 1932.

Nellie Heck to be postmaster at North San Diego, Calif., in place of J. J. Freeman. Incumbent's commission expired June 7, 1933.

Myrtle M. Evers to be postmaster at Novato, Calif., in place of L. E. Leavell, deceased.

Joseph A. Dinkler to be postmaster at Pacoima, Calif., in place of M. L. Williams. Incumbent's commission expired December 11, 1932.

Jane W. O'Connell to be postmaster at Palm City, Calif. Office became Presidential July 1, 1933.

Elmer G. Crofts to be postmaster at Penryn, Calif., in place of E. G. Crofts. Incumbent's commission expired February 10, 1934.

Annie M. Lepley to be postmaster at Plymouth, Calif., in place of A. M. Lepley. Incumbent's commission expires April 2, 1934.

John J. O'Connor to be postmaster at St. Marys College, Calif., in place of R. J. Doyle, deceased.

Nellie McGinn to be postmaster at Salida, Calif., in place of C. C. Hayes. Incumbent's commission expired February 28, 1933.

Bernice M. Ayer to be postmaster at San Clemente, Calif., in place of B. H. Latham. Incumbent's commission expired September 30, 1933.

Michael L. Collins to be postmaster at Seal Beach, Calif., in place of A. E. Collier. Incumbent's commission expired January 29, 1933.

Janet D. Watson to be postmaster at Tahoe, Calif., in place of J. D. Watson. Incumbent's commission expired February 10, 1934.

Elsie B. Lausten to be postmaster at Walnut Grove, Calif., in place of E. B. Lausten. Incumbent's commission expires April 2, 1934.

COLORADO

Harry M. Katherman to be postmaster at Aurora, Colo., in place of F. M. Shedd. Incumbent's commission expired December 16, 1933.

Walton T. Day to be postmaster at Byers, Colo., in place of Hal Parmeter, removed.

John H. Duncan to be postmaster at Crook, Colo., in place of E. A. Buckley. Incumbent's commission expired December 16, 1933.

John R. Hunter to be postmaster at New Raymer, Colo., in place of C. L. Snyder. Incumbent's commission expired December 16, 1933.

Ralph E. Vincent to be postmaster at Otis, Colo., in place of R. W. Auld. Incumbent's commission expired December 16, 1933.

DELAWARE

James J. Cahill to be postmaster at Wilmington, Del., in place of A. R. Abrahams. Incumbent's commission expired December 10, 1932.

FLORIDA

Eva R. Vaughn to be postmaster at Century, Fla., in place of E. R. Vaughn. Incumbent's commission expired February 10, 1934.

William L. Hoag to be postmaster at Davenport, Fla., in place of J. D. Louis. Incumbent's commission expired November 20, 1933.

Orrell W. Prevatt to be postmaster at Seville, Fla., in place of O. W. Prevatt. Incumbent's commission expired March 18, 1934.

GEORGIA

William T. Adkins to be postmaster at Edison, Ga., in place of Lula Flowden. Incumbent's commission expired May 23, 1933.

Joseph W. Murphy to be postmaster at Menlo, Ga., in place of Olene Watson. Incumbent's commission expired November 20, 1933.

Thomas B. McRitchie to be postmaster at Newnan, Ga., in place of T. M. Goodrum, deceased.

Heard C. Tolbert to be postmaster at Omega, Ga., in place of M. A. Westbrook. Incumbent's commission expired September 30, 1933.

Carleen E. Bell to be postmaster at Trion, Ga., in place of W. P. Tate. Incumbent's commission expired March 22, 1934.

GUAM

James H. Underwood to be postmaster at Guam, Guam, in place of J. H. Underwood. Incumbent's commission expired March 22, 1934.

ILLINOIS

Martin B. Dolan to be postmaster at Durand, Ill., in place of G. W. Fritz. Incumbent's commission expired December 20, 1933.

Eulalie E. Mase to be postmaster at Forreston, Ill., in place of P. R. Beebe. Incumbent's commission expired February 5, 1933.

Lawrence J. Kiernan to be postmaster at Genoa, Ill., in place of G. J. Patterson. Incumbent's commission expired January 10, 1932.

Ernest R. Lightbody to be postmaster at Glasford, Ill., in place of D. A. Howard. Incumbent's commission expired December 20, 1932.

Emily M. Cole to be postmaster at Glenview, Ill., in place of Frederick Rugen. Incumbent's commission expired December 20, 1932.

Melvin R. Begun to be postmaster at Hebron, Ill., in place of E. A. Mead. Incumbent's commission expired February 12, 1933.

Lenora B. Dickerson to be postmaster at La Fayette, Ill., in place of R. C. Bliss. Incumbent's commission expired December 20, 1932.

Thomas L. Roark to be postmaster at Macomb, Ill., in place of F. W. Harris. Incumbent's commission expired October 10, 1933.

Lucinda A. Gorman to be postmaster at Monee, Ill., in place of W. H. Sass. Incumbent's commission expired May 22, 1932.

Robert J. Blum to be postmaster at Nauvoo, Ill., in place of J. A. Beger, removed.

Marie E. Holquist to be postmaster at Stillman Valley, Ill., in place of L. R. Carmichael. Incumbent's commission expired December 20, 1932.

Fred N. Mayer, Jr., to be postmaster at Virden, Ill., in place of J. R. Burris. Incumbent's commission expired January 22, 1931.

INDIANA

George W. Purcell to be postmaster at Bloomington, Ind., in place of William Graham, removed.

Charles L. Wolford to be postmaster at Linton, Ind., in place of D. R. Scott, removed.

IOWA

Ernest E. Carlson to be postmaster at Battle Creek, Iowa, in place of A. A. Mickelsen, resigned.

Charles G. Vacey to be postmaster at Collins, Iowa, in place of C. O. Shearer, resigned.

Henry M. Maneough to be postmaster at Grimes, Iowa, in place of L. F. Friar. Incumbent's commission expired January 19, 1933.

Alden F. Palmquist to be postmaster at Hartley, Iowa, in place of C. E. Wheelock. Incumbent's commission expired December 18, 1933.

William Foerstner to be postmaster at High, Iowa, in place of William Foerstner. Incumbent's commission expired January 22, 1934.

L. B. Sutton to be postmaster at Inwood, Iowa, in place of L. H. Severson. Incumbent's commission expired December 18, 1933.

Ella McDonald to be postmaster at Ledyard, Iowa, in place of J. M. Weinberger. Incumbent's commission expired December 18, 1933.

J. Ray Dickinson to be postmaster at Soldier, Iowa, in place of T. F. Uhlig. Incumbent's commission expired September 30, 1933.

Hilma L. Peterson to be postmaster at Stratford, Iowa, in place of F. E. Lundell. Incumbent's commission expired December 13, 1932.

Charles W. Tigges to be postmaster at Sutherland, Iowa, in place of A. T. Briggs. Incumbent's commission expired December 18, 1933.

KANSAS

Samuel N. Nunemaker to be postmaster at Hesston, Kans., in place of S. N. Nunemaker. Incumbent's commission expired March 22, 1934.

LOUISIANA

Emile Aubert to be postmaster at Abita Springs, La., in place of Emile Aubert. Incumbent's commission expired January 19, 1933.

Mrs. Leonard C. Davenport to be postmaster at Mer Rouge, La., in place of J. V. Leech. Incumbent's commission expired January 19, 1933.

Neil D. Womble to be postmaster at Winnsboro, La., in place of T. C. Reagan, Sr. Incumbent's commission expired December 19, 1932.

MAINE

Sumner S. Drisko to be postmaster at Addison, Maine, in place of L. H. Lackee. Incumbent's commission expired December 18, 1933.

Roland S. Plummer to be postmaster at Harrington, Maine, in place of S. M. Dyer. Incumbent's commission expired January 26, 1933.

Lloyd V. Cookson to be postmaster at Hartland, Maine, in place of A. A. Marr. Incumbent's commission expired December 7, 1932.

James A. McDonald to be postmaster at Machias, Maine, in place of R. W. Chandler. Incumbent's commission expired December 18, 1933.

Ida P. Stone to be postmaster at Oxford, Maine, in place of I. P. Stone. Incumbent's commission expired March 8, 1934.

Helen C. Donahue to be postmaster at Portland, Maine, in place of C. A. Robinson. Incumbent's commission expired March 22, 1934.

Guy W. Swan to be postmaster at Princeton, Maine, in place of E. E. Pike. Incumbent's commission expired December 18, 1933.

George E. Dugal to be postmaster at Saint Agatha, Maine, in place of A. R. Michaud. Incumbent's commission expired December 7, 1932.

MARYLAND

Lillie M. Pierce to be postmaster at Glyndon, Md., in place of L. M. Pierce. Incumbent's commission expired February 10, 1934.

MASSACHUSETTS

J. Walter Brown to be postmaster at Brimfield, Mass. Office became Presidential July 1, 1932.

Martin J. Healey to be postmaster at Hubbardston, Mass., in place of Richard Lyon. Incumbent's commission expired December 16, 1933.

Mary B. H. Ransom to be postmaster at Mattapoisett, Mass., in place of W. H. Winslow. Incumbent's commission expired January 22, 1934.

Maurice J. Bresnahan to be postmaster at Medway, Mass., in place of H. T. Johnson. Incumbent's commission expired December 16, 1933.

Thomas L. White to be postmaster at Northboro, Mass., in place of H. L. Peinze. Incumbent's commission expired December 16, 1933.

David J. Templeton to be postmaster at North Cohasset, Mass., in place of F. L. Beal. Incumbent's commission expired January 8, 1933.

Thomas J. Daley to be postmaster at South Egremont, Mass. Office became Presidential July 1, 1933.

John J. Easton to be postmaster at South Walpole, Mass., in place of B. A. Crocker. Incumbent's commission expired December 16, 1933.

Robert E. Smith to be postmaster at Townsend, Mass., in place of G. A. Wilder, deceased.

Richard F. Burke to be postmaster at Williamsburg, Mass., in place of A. J. Polmatier. Incumbent's commission expired December 16, 1933.

MICHIGAN

Frank C. Jarvis to be postmaster at Grand Rapids, Mich., in place of A. E. Davis, transferred.

MINNESOTA

Joseph G. McRaith to be postmaster at Belleplaine, Minn., in place of F. E. Logelin. Incumbent's commission expired December 20, 1932.

Alta V. Mason to be postmaster at Blue Earth, Minn., in place of R. F. Dean. Incumbent's commission expired February 28, 1933.

James L. Paul to be postmaster at Browns Valley, Minn., in place of L. L. Medbery. Incumbent's commission expired February 9, 1933.

George K. Dols to be postmaster at Carver, Minn., in place of A. T. Arneson. Incumbent's commission expired February 28, 1933.

Albert O. McEachern to be postmaster at Delano, Minn., in place of Elizabeth Richardson. Incumbent's commission expired February 28, 1933.

William Guthrie to be postmaster at Emmons, Minn., in place of E. L. Emmons. Incumbent's commission expired January 11, 1933.

Tillman A. Brokken to be postmaster at Harmony, Minn., in place of J. L. Christianson. Incumbent's commission expired December 20, 1932.

Arthur S. Peterson to be postmaster at Houston, Minn., in place of J. E. Redding. Incumbent's commission expired June 19, 1933.

Bernice Otto to be postmaster at Isanti, Minn., in place of W. D. Oleson. Incumbent's commission expired February 28, 1929.

Leroy G. Schmalz to be postmaster at Lester Prairie, Minn., in place of E. C. Ernst. Incumbent's commission expired December 20, 1932.

Peter H. Riede to be postmaster at Mabel, Minn., in place of R. J. Stroud. Incumbent's commission expired June 7, 1933.

Francis L. Dolan to be postmaster at Milroy, Minn., in place of Julia Solseth. Incumbent's commission expired September 30, 1933.

John N. Kremer to be postmaster at Rice, Minn., in place of L. Z. Cairns. Incumbent's commission expired December 20, 1932.

Henry Schneider to be postmaster at Rush City, Minn., in place of F. W. Hanson. Incumbent's commission expired February 9, 1933.

MISSISSIPPI

Frankie M. Storm to be postmaster at Benoit, Miss., in place of F. M. Storm. Incumbent's commission expired March 18, 1934.

Carrie E. C. Fedric to be postmaster at Charleston, Miss., in place of F. M. O'Shea. Incumbent's commission expired February 14, 1934.

Thomas A. Chapman to be postmaster at Friar Point, Miss., in place of T. A. Chapman. Incumbent's commission expired March 13, 1934.

Florence Witherington to be postmaster at Lula, Miss., in place of Florence Witherington. Incumbent's commission expired March 13, 1934.

Fred W. Whitfield to be postmaster at Picayune, Miss., in place of F. W. Whitfield. Incumbent's commission expired June 19, 1933.

Robert E. Gryder to be postmaster at Shannon, Miss., in place of R. E. Gryder. Incumbent's commission expired March 22, 1934.

MISSOURI

Wilbur S. Scott to be postmaster at Deepwater, Mo., in place of C. E. Leach. Incumbent's commission expired December 18, 1933.

Thomas F. Herndon to be postmaster at Hume, Mo., in place of C. D. Green. Incumbent's commission expired December 18, 1933.

Willie D. Groom to be postmaster at Kearney, Mo., in place of J. H. Weakley. Incumbent's commission expired May 3, 1933.

Ruth Vandiver to be postmaster at Orrick, Mo., in place of V. N. Remley, resigned.

Rosa M. Hall to be postmaster at Parma, Mo., in place of L. A. Rademaker. Incumbent's commission expired December 20, 1932.

NEW HAMPSHIRE

Carrie B. Ware to be postmaster at Hancock, N.H., in place of C. B. Ware. Incumbent's commission expired March 18, 1934.

Charles Myers to be postmaster at Jaffrey, N.H., in place of Charles Myers. Incumbent's commission expired March 18, 1934.

NEW JERSEY

John R. Fetter to be postmaster at Hopewell, N.J., in place of J. R. Fetter. Incumbent's commission expired January 16, 1934.

NEW YORK

Lorenzo J. Burns to be postmaster at Batavia, N.Y., in place of H. W. Ware, removed.

Leonard A. Wiley to be postmaster at Cape Vincent, N.Y., in place of K. C. Steblen. Incumbent's commission expired February 9, 1933.

Arthur B. Stiles to be postmaster at Owega, N.Y., in place of S. W. Smyth, removed.

John M. Currier to be postmaster at Piercefield, N.Y., in place of L. J. Desjardins, deceased.

John M. Corey to be postmaster at Saratoga Springs, N.Y., in place of A. D. Ritchie, retired.

Daniel J. Falvey to be postmaster at Schuylerville, N.Y., in place of H. W. Leggett, retired.

NORTH CAROLINA

William H. Snuggs to be postmaster at Albemarle, N.C., in place of L. M. Almond, removed.

Mabel W. Jordan to be postmaster at Gibsonville, N.C., in place of C. C. Hammer. Incumbent's commission expired January 28, 1934.

N. Hunt Gwyn to be postmaster at Lenoir, N.C., in place of J. C. Smith. Incumbent's commission expired March 22, 1934.

NORTH DAKOTA

Harold R. McKechnie to be postmaster at Calvin, N. Dak., in place of H. R. McKechnie. Incumbent's commission expired December 16, 1933.

Anthony Hentges to be postmaster at Michigan, N. Dak., in place of Anthony Hentges. Incumbent's commission expired March 22, 1934.

OHIO

John H. Glick to be postmaster at Bascom, Ohio. Office became Presidential July 1, 1933.

Alta C. Singer to be postmaster at Chesapeake, Ohio, in place of J. E. Boster. Incumbent's commission expired December 18, 1931.

Walter A. Geiser to be postmaster at Dunkirk, Ohio, in place of E. W. Henderson. Incumbent's commission expired January 9, 1934.

Francis J. Daubel to be postmaster at Fremont, Ohio, in place of M. C. Cox. Incumbent's commission expired December 18, 1933.

Daniel P. Mooney to be postmaster at Glouster, Ohio, in place of H. F. Hambel, transferred.

OKLAHOMA

Jesse W. Keith to be postmaster at Halleyville, Okla., in place of J. M. Jarvis, removed.

OREGON

Edwin Allen to be postmaster at Forest Grove, Oreg., in place of F. D. Gardner. Incumbent's commission expired December 13, 1932.

George Larkin to be postmaster at Newberg, Oreg., in place of C. B. Wilson, removed.

Frank N. Lughton to be postmaster at Seaside, Oreg., in place of E. N. Hurd. Incumbent's commission expired December 8, 1932.

PENNSYLVANIA

John H. Snyder to be postmaster at Richfield, Pa., in place of P. V. Leitzel. Incumbent's commission expired January 8, 1934.

Harold I. Haines to be postmaster at Thompsontown, Pa., in place of A. F. Fry. Incumbent's commission expired January 8, 1934.

PUERTO RICO

Antonio Molina to be postmaster at Juncos, P.R., in place of A. G. Molina, deceased.

SAMOA

David J. McMullin to be postmaster at Pago Pago, Samoa, in place of D. J. McMullin. Incumbent's commission expired March 22, 1934.

SOUTH CAROLINA

Jesse C. Williams to be postmaster at Inman, S.C., in place of J. B. Bird. Incumbent's commission expired January 11, 1934.

Inez C. Wilson to be postmaster at Williamston, S.C., in place of G. S. Wilson. Incumbent's commission expired January 8, 1933.

TENNESSEE

Clarence H. Kilgore to be postmaster at Tracy City, Tenn., in place of A. L. Henderson, resigned.

TEXAS

Rowland Rugeley to be postmaster at Bay City, Tex., in place of C. J. Stoves, removed.

Frederick M. Faust to be postmaster at Comfort, Tex., in place of Elizabeth Ingenhuett, resigned.

Roy B. Miller to be postmaster at Crawford, Tex., in place of J. A. Noland. Incumbent's commission expired February 28, 1933.

George L. Kellar to be postmaster at Dublin, Tex., in place of W. P. Hallmark. Incumbent's commission expired January 16, 1934.

Oscar W. Koym to be postmaster at East Bernard, Tex., in place of W. G. Shelton. Incumbent's commission expired December 20, 1932.

Warren C. Farguson to be postmaster at Hermleigh, Tex., in place of H. P. Vernon. Incumbent's commission expired February 23, 1933.

Lucie Hill to be postmaster at Hull, Tex., in place of Curtis Stewart. Incumbent's commission expired December 7, 1932.

Calvin E. Baker to be postmaster at Matagorda, Tex., in place of A. E. Duffy, removed.

Mabel B. McConnico to be postmaster at Port Lavaca, Tex., in place of O. O. Cherry. Incumbent's commission expired June 19, 1933.

Charles G. Conley to be postmaster at Quanah, Tex., in place of J. H. Wilson, resigned.

Judge E. Glass to be postmaster at Rosebud, Tex., in place of C. C. Morris, deceased.

Ora L. Griggs to be postmaster at Sanatorium, Tex., in place of O. L. Griggs. Incumbent's commission expired March 18, 1934.

Clyde Griffith to be postmaster at Sanderson, Tex., in place of L. R. Grigsby, resigned.

Herbert M. Campbell to be postmaster at Skellytown, Tex., in place of B. L. Paquette. Incumbent's commission expired December 7, 1932.

Tom Hargrove to be postmaster at Woodsboro, Tex., in place of Tom Hargrove. Incumbent's commission expired March 18, 1934.

VERMONT

Mary A. Keleher to be postmaster at Bethel, Vt., in place of John Noble. Incumbent's commission expired February 28, 1933.

Richard S. Smith to be postmaster at Bristol, Vt., in place of D. J. Wilson. Incumbent's commission expired December 20, 1932.

Herbert B. Butler to be postmaster at St. Albans, Vt., in place of A. G. Smith. Incumbent's commission expired December 18, 1932.

VIRGINIA

Alexander L. Martin to be postmaster at Catawba Sanatorium, Va., in place of A. L. Martin. Incumbent's commission expires April 8, 1934.

Kenneth H. Woody to be postmaster at Crewe, Va., in place of J. B. Dyson. Incumbent's commission expired May 28, 1933.

Miller A. Price to be postmaster at New Market, Va., in place of M. B. Wickes, retired.

Carroll C. Chowning to be postmaster at Urbanna, Va., in place of Cuthbert Brestow. Incumbent's commission expired February 17, 1934.

VIRGIN ISLANDS

Halvor Berg to be postmaster at Frederiksted, V.I., in place of R. H. A. Leader. Incumbent's commission expired March 22, 1934.

WEST VIRGINIA

Maurice L. Richmond to be postmaster at Barboursville, W.Va., in place of J. H. McComas. Incumbent's commission expired December 18, 1933.

Frank D. Fleming to be postmaster at Ravenswood, W.Va., in place of T. L. Wolfe, removed.

Charles Dillard to be postmaster at Walton, W.Va., in place of J. B. Marks, resigned.

WISCONSIN

Bert J. Walker to be postmaster at Almond, Wis., in place of G. A. Johnson. Incumbent's commission expired October 16, 1933.

William A. Roblier to be postmaster at Coloma, Wis., in place of W. A. Roblier. Incumbent's commission expires April 2, 1934.

Roy E. Lawler to be postmaster at Gordon, Wis., in place of R. E. Lawler. Incumbent's commission expires April 2, 1934.

Hans C. Peterson to be postmaster at Spring Valley, Wis., in place of R. D. Larrieu. Incumbent's commission expired December 18, 1933.

Louis H. Rivard to be postmaster at Turtle Lake, Wis., in place of J. H. Bunker. Incumbent's commission expired December 18, 1933.

WYOMING

Jesse B. Budd to be postmaster at Big Piney, Wyo., in place of J. B. Budd. Incumbent's commission expired February 25, 1934.

James C. Jackson to be postmaster at Sheridan, Wyo., in place of H. H. Loucks, retired.

CONFIRMATIONS

Executive nominations confirmed by the Senate March 24 (legislative day of Mar. 20), 1934

POSTMASTERS

ALABAMA

James G. Brown, Atmore.
Samuel J. Sanders, Fayette.
Ernest D. Manning, Florala.
Herman Pride, Georgiana.
William M. Moore, Luverne.
Benjamin F. Beesley, McKenzie.

DELAWARE

Edna E. Conner, Townsend.

HOUSE OF REPRESENTATIVES

SATURDAY, MARCH 24, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Eternal God, in whose loving arms we dwell and in whom are gathered our hopes and aspirations, hear us in this sacred moment. Be pleased to strengthen and bless us with the rapture of mutual confidence. Gracious Father, allow nothing to corrode the sanctities of friendship. We recall our personal frailties; the remembrance of them is grievous unto us. How clear becomes our vision of the helplessness of man and the necessity of divine grace. We rejoice that there is a loving Father on the throne of the universe; we beseech Thee to come and condescend to our need. Let not the successes of life exalt us, its ambitions dazzle us, its cares agitate us, nor its sorrows crush us. Be a guest in any home whose cup has been broken at the fountain and at whose hearthstone there may be heart-aching folk. In the name of Jesus. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Latta, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills of the House of the following titles:

On March 21, 1934:

H.R. 6228. An act to provide for the appointment of a commission to establish the boundary line between the District of Columbia and the Commonwealth of Virginia.

On March 22, 1934:

H.R. 5862. An act to provide for the removal of American citizens and nationals accused of crime to and from the jurisdiction of any officer or representative of the United States vested with judicial authority in any country in which the United States exercises extraterritorial jurisdiction.

On March 23, 1934:

H.R. 891. An act for the relief of Albert N. Eichenlaub, alias Albert N. Oakleaf;

H.R. 1015. An act for the relief of Frank D. Whitfield;

H.R. 1413. An act for the relief of Leonard L. Dilger;

H.R. 2670. An act for the relief of James Wallace;

H.R. 2743. An act for the relief of William M. Stoddard;

H.R. 3072. An act for the relief of Seth B. Simmons;

H.R. 3780. An act for the relief of William Herod;

H.R. 5163. An act for the relief of Calvin M. Head; and

H.R. 7229. An act for the relief of the estate of Victor L. Berger, deceased.

H.R. 1—SOLDIER'S BONUS

Mr. EAGLE. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record.

The SPEAKER. Is there objection?

There was no objection.

Mr. EAGLE. Mr. Speaker: The bill now before the House for consideration—H.R. 1, soldiers' bonus—provides for the present cash payment of the adjusted-service certificates to the veterans of the World War. Such certificates on their face mature in the year 1945. The total number of such adjusted-service certificates is 3,550,000. Their total face value amounts to about \$3,550,000,000. However, 3,000,000 veterans have borrowed from the Federal Treasury against their certificates the total amount of \$1,335,000,000. The equity of the veterans in their certificates, therefore, amounts to \$2,215,000,000. To put it in another way, the difference between the face value of the certificates payable by the Government to the veterans, upon the one hand, and the amounts borrowed by the veterans from the Government against these certificates, upon the other hand, amounts to \$2,215,000,000, so that by the enactment of this bill the Government would pay to the veterans the net

amount of \$2,215,000,000, which would operate to cancel both those certificates and that debt.

This bill does not propose to pay those bonus certificates with money to be obtained by the Government by the issuance and sale of interest-bearing bonds, but by the issuance of additional United States Treasury notes to the exact amount of the equity of these bonus certificates, about \$2,215,000,000.

This bill does not propose to create any new debt or liability against the Federal Treasury or Government. This bill in no sense involves the question whether there should be a liability by the Government to the veterans for adjusted-service compensation. That matter has been considered and settled by act of Congress approved by the President a few years ago, under which the Government confessed such total liability, payable in the year 1945. It follows that the only question before the House today is whether such certificates of acknowledged indebtedness maturing in the year 1945 shall be paid now in advance of their face date of maturity or whether such payment shall be postponed according to the face of the certificates until the year 1945. As further preliminary, it seems to me proper to observe that there has been for some years past annually impounded the sum of \$112,000,000 raised by taxation, and a similar sum is provided by law to be raised this year and each succeeding year until the year 1945 for the redemption of these certificates at face maturity, and that it is estimated to cost some \$10,000,000 to execute this law until 1945, both of which items would automatically terminate with the passage of this bill. It seems also proper to observe that interest upon the sums borrowed by the veterans from the Government against their certificates running from the year 1927 to the year 1945, the face maturity of the certificates, will practically absorb the equity of the veterans in their certificates; in which event the amounts already borrowed against their certificates will be substantially the total amount of benefits to be received by the veterans under the so-called "bonus law." I submit that when the financial conditions of the country from 1929 until the present time are considered no sane person would have expected these veterans to repay those loans out of earnings; and I further submit that the \$1,335,000,000 that these 3,000,000 veterans borrowed against their certificates was the deciding factor in preventing the total break-down of our country during the winter of 1932-33 that seems in retrospect to have been the climax of this tragedy of panic and depression.

I am keenly aware of the vast propaganda against this bill that has been and is being spread over the country. No other class of citizens in America has been so unjustly criticized or so falsely accused as the veterans of the World War during this depression. It is common to read in letters and in wires and in the press the charge that there is an extensive and persistent veterans' lobby seeking some selfish class advantage of the Government. I deny such statement absolutely. No veterans or their representatives and no lobby of veterans or others in their interest have approached me upon this subject. Upon the other hand, the propaganda is wellnigh universal, emanating from those placed well in life, against the proposal to pay the veterans' certificates at this time. Instead of a veterans' lobby operating, it is, upon the other hand, those opposed to the veterans being paid their adjusted-service certificates in cash at this time who are lobbying. I denounce the charge against the veterans of the World War for lobbying as being an unprincipled libel against as splendid body of patriots as any nation in all recorded history may proudly boast; and, when analysis is made of those who by letter and wire and in the press denounce the payment of these certificates in cash, usually it is found that such persons are affiliated with large financial interests which themselves seek and often have obtained in recent times from the Government far greater financial benefits and gratuities than the veterans ask as payment of acknowledged debt.

In that connection I would ask the House calmly to ponder the vast financial benefits this Government has conferred through the Congress upon different classes of the American people during the past 12 months. Of course,

I can only briefly sketch it; and I state in advance that I am not mentioning such items as follow by way of criticism, because I myself have joined you in the granting of such assistance, but I do mention it in order to emphasize that the Congress has aided practically every group of persons and of business interests in this country during the past year except alone the veterans.

For instance: (1) By the banking bill of March 9, 1933, over \$2,000,000,000 of additional currency was placed at the disposal of the banks that are members of the Federal Reserve System, by making eligible for rediscount additional collateral then in their portfolios; (2) \$500,000,000 was granted outright for unemployment relief; (3) \$3,300,000,000 was granted for public works; (4) \$950,000,000 was granted as additional emergency relief funds; (5) the credit of the Government was extended to the extent of \$2,200,000,000 in guaranteeing the bonds of the Federal farm mortgage system; (6) the Congress within the next few days will certainly further extend the credit of the Government by an additional \$2,200,000,000 to guarantee the bonds of the Home Owners' Loan Corporation; (7) \$300,000,000 was appropriated for the reforestation (C.C.C.) camps; (8) \$850,000,000 was recently appropriated as additional funds for the Reconstruction Finance Corporation to extend as industrial loans; (9) a great agency of the Government created by act of Congress under the name of Reconstruction Finance Corporation has, within the scope of its power, authority, and duty extended loans up to March 1934 amounting to a total of \$4,786,408,947. In order that it may be clear that business in all its major forms has received from the Government financial assistance through this source, consider a partial list of the different branches of American business receiving such loans and gratuities as well as the amounts in the aggregate each class has received as loans to March 1934, that is:

- (a) To Government agencies to aid many forms of public activities, a total of \$1,003,526,528.
- (b) Loans to banks and trust companies, \$1,896,925,340.
- (c) Loans to railroads, \$402,287,361.
- (d) Loans to mortgage loan companies, \$221,272,169.
- (e) Loans to Federal land banks, \$193,618,000.
- (f) Loans to regional agricultural credit corporations, \$166,442,905.
- (g) Loans to building and loan associations, \$114,017,920.
- (h) Loans to insurance companies, \$88,587,563.
- (i) Miscellaneous, \$48,674,351.
- (j) Purchase of preferred stock in banks and trust companies, \$257,600,616.
- (k) Purchase of other bank securities, \$192,947,150.
- (l) Loans to States and subdivisions, \$299,984,999.
- (m) To Commodity Credit Corporation, for loans on cotton, \$95,391,151, on corn \$65,017,572; total, \$160,408,723.
- (n) And many other vast and miscellaneous items.

To put it bluntly, it seems to many worthy gentlemen and many magazines and papers that it is entirely proper that the Congress enact laws under which the Government has extended vast loans and gratuities to almost every form of business activity in America, to the total extent, as I compute it, of some \$17,000,000,000 during the past year, although the Government certainly owed no legal or moral obligations to a vast majority in amount involved of such loans, in order to prevent their bankruptcies and total ruin; but that it is a horrible imposition upon the unsuspecting public for the Congress, representatives of the American people, to enact that the Government shall anticipate the payment of a debt it confesses in writing that it owes to 3,500,000 veterans whom the Congress, in the heyday of their glorious youth, voted into the maelstrom of war, and who, with a fervor that did not wane and a courage that did not blanch and a success that touched the deepest emotions of the American heart, carried the flag to a glorious victory.

I do not understand such view nor share such sentiments. I have voted for each and all of these great measures under which the whole American people have carried the burden to hold up the business fabric threatened with immediate

collapse, and I would do so again; but I submit that if the Congress can grant \$17,000,000,000 in a year for that purpose, when it did not owe the same as a debt, we can and should anticipate a debt of \$2,215,000,000 due by the Government in 1945 to 3,550,000 veterans by paying it now.

Seriously contemplate that body of facts and figures!

We have a grand total granted, given, loaned, or extended where the Government had absolutely no legal obligation amounting to a total of over \$17,000,000,000; but it is now argued that the same Government cannot and must not and should not pay at this time a legal and binding written obligation to 3,550,000 of its war veterans amounting to about \$3,500,000,000, upon which they have already borrowed \$1,355,000,000, the interest upon which will practically absorb their equity before the due date of their certificates in 1945.

In entire candor I must say that I regard that as a false position. It would never be taken except at the instance of the selfish financial and banking interests, who, having a monopoly upon the control of money and credits that affects the interests of all of our people and determines whether there is to be prosperity or panic, insist upon maintaining the present small and inadequate volume of currency that they now control and are, hence, unwilling to set the American people free by issuance of even a reasonable volume of additional currency that will be even more sound than much of the present volume of outstanding currency. Either the financial power and the banks must keep their hands off the necks of the people, or that which Andrew Jackson did to the Bank of the United States will seem tame in history compared to what the people will soon do to Wall Street.

In letters, in wires, in magazines, in papers, in committees, and in Congress it is argued that it is financially unsafe to increase the currency above the present volume, and, hence, that it would be a tragical blunder to enact this bill which provides for an increase by \$2,215,000,000 of additional Treasury notes.

These instrumentalities of propaganda and their kept agents and writers have made the most vast propaganda that the Congress has ever received against this bill. Their kept agents and kept writers and kept magazines and kept newspapers have for the past year constantly tried to convince the American people that this bill is a blunder. Everywhere such propagandists call the currency to be issued in accordance with the provisions of this bill "flat money", "greenbacks", "printing-press money", "wheelbarrow money", "baloney money", and a few other classic designations. The Wall Street propagandists, echoed by these agencies, would convince the country and have it in turn convince the Congress that the currency proposed to be issued under the provisions of this bill would be that sort of unsound money. They insistently demand only sound money. The Democratic Party, the Republican Party, the American Federation of Labor, the American Legion, the President of the United States, the leaders of both parties in the Congress, each Member of both Houses of Congress, almost each publication in America—one and all alike demand sound money. We all want nothing but sound money, but there is no common agreement in definition of sound money.

Wall Street would, by the means I have just stated, convince the country that all of the present volume of currency outstanding is sound money and that any addition to its present volume or that any new form of currency would be unsound money. Of course, those of us who have seriously considered this matter through the course of years understand perfectly that this is Wall Street's method of dealing, whereby it hopes to retain the present small and insufficient volume of seven forms of outstanding currency, because it is so small in total volume that the selfish financial interests can and actually do control it, and hence can and do actually control all credits to all the people based upon such small and insufficient volume of currency in circulation. Whether the outstanding total volume is sound or unsound is immaterial to the selfish financial groups, so long as it

is small enough in total volume that they can control it and so long as it is small enough in total volume that it does not sufficiently supply the public need, so that the public must turn to them for bank credit and they, in turn, be recognized as masters of America, and thus reap the financial rewards and profits. At one time in recent years there were \$65,000,000,000 of deposits in the banks in this country, of which less than \$5,000,000,000 was in currency, while \$60,000,000,000 was in bank credit based on that currency, for which the public paid interest to the banks. In other words, with the volume of currency in circulation so small, but within the direction and possession of the banks, they could and did multiply it twelvefold in extension of credits upon which they drew interest. That is power more stupendous than Army or Navy, for it is the power to extend or deny credits, and thus to make prosperity or produce the kind of chaos into which we have been plunged by big business and the financial interests beginning in 1929 and increasing in intensity and agony until March 4, 1933, and even yet existing in large measure in this wonderful country.

For one, I am not willing and I will not agree that the destiny of our matchless people shall be thus left in the hands and at the mercy of the financial and banking institutions of this country. But it has been thus in the past, it is thus at the present, and it will continue thus until the Congress of the United States exercises the mandate of the Constitution and its right and duty to coin money and regulate the value thereof.

I mentioned above that Wall Street and the large financial interests of the country and the banks would have you believe that all of the currency in circulation is sound money. What is a true and honest definition of sound money? By sound money is properly meant currency that may be taken to the Treasury of the United States and exchanged on demand for gold. Any kind of currency in circulation, except such as is redeemable in gold upon presentation at the Treasury, is unsound money; it is greenbacks; it is fiat money; it is printing-press money; it is "baloney money."

The country has had for many years and now has seven forms of currency in circulation. I shall next call attention to the security behind each and all seven forms of currency, and to the fact that nearly all of the currency in circulation that the financial institutions now call "sound money" because it is small enough in total volume that they can and do control it is wholly or in large part fiat money, greenbacks, "wheelbarrow money", printing-press money, "baloney money", because in only a few classes is same even promised to be paid in gold upon presentation at the Treasury.

First. As of February 28, 1934, of gold certificates there were outstanding \$1,112,755,000, and those gold certificates are secured by \$1,112,755,000 of gold held in the Treasury. Of course, that, indeed, is true and honest sound money.

Second. On February 28, 1934, there were outstanding \$495,459,000 in silver certificates. Those silver certificates are secured by 495,459,000 standard silver dollars held in the Treasury. In other words, this one half billion dollars of silver certificates in circulation are redeemable in silver by their very terms. Is that sound money, when it does not even promise to pay in gold? Certainly not.

Third. Take the case of the national-bank notes. As of February 28, 1934, there were \$984,637,000 of national-bank notes in circulation. Do the banks promise to pay them in gold upon presentation? They do not. Did the banks ever have the gold with which to pay them? They did not. Does the Treasury of the United States promise to pay that \$1,000,000,000 of national-bank notes in gold upon presentation at the counter of the Treasury? It does not. Did the Treasury ever make such promise? It did not. Therefore, can any honest mind say that the national-bank notes are sound money? Certainly not; because sound money, in any true and honest definition, means currency in circulation that will be redeemed in gold upon presentation at the Treasury. And the same figures and facts and reasoning and arguments and conclusions apply now since the Gold Devaluation Act as before that act. By what are such

national-bank notes secured? By gold? No; as I have just shown. But that \$984,637,000 of national-bank notes in circulation on February 28, 1934, was secured (a) by \$836,086,000 of United States bonds, (b) by \$39,413,000 of lawful money as a redemption fund, and (c) by \$99,508,000 of lawful money in a retirement fund with the Treasurer of the United States; not one dollar of gold promised or in hand with which to pay one single dollar of such \$1,000,000,000 outstanding national-bank notes. Will any honest mind say that the national-bank notes are sound money, according to an honest definition of the term "sound money"? Surely not.

Fourth. On February 28, 1934, and for many years prior to that, there have been outstanding \$346,681,000 of United States notes called "greenbacks." Wall Street and the great financial interests and the banks insist, it being a part of the volume of present money in circulation, that it is "sound money." By that they mean that same will be redeemed in gold, even before this country went off the gold standard a year ago and even before the recent Gold Devaluation Act, by presentation for payment in gold at the Treasury. Is that true now or was it ever true? No; because for many years past, and now, there is held in the Treasury for the redemption of that balance of greenbacks in circulation, amounting to \$346,681,000, gold to the total amount of only \$156,039,000. That is to say, this sound money, called "greenbacks", has 45 cents in gold in the Treasury for each \$1 in circulation, and it has had that percent reserve ever since the Gold Standard Act of 1900 and no more, and yet no one in 34 years has presented a greenback for redemption in gold. So that even the greenbacks, secured by gold with special act of Congress requiring that they be redeemed in gold and with gold impounded in the Treasury for their redemption, are not sound money, because there are only 45¢ of gold in the Treasury for their redemption or payment for each \$100 of greenbacks outstanding.

Fifth. Let us take the case of the Federal Reserve notes, that are universally supposed to be backed at par by gold, before the recent devaluation act and before the recent action of the Chief Executive in buying the gold of the Federal Reserve System with gold certificates. Prior to such legislation and proclamation the total outstanding volume of Federal Reserve notes was \$3,224,644,000. Did that volume have a gold dollar back of each Federal Reserve dollar note outstanding? It did not. On the contrary, it was secured by (a) \$35,138,000 of gold in the Treasury, (b) by \$2,765,318,000 of gold pledged with Federal Reserve agents, (c) by \$95,149,000 of eligible paper, and (d) by \$412,800,000 of United States bonds. So that there were more than \$500,000,000 of fiat money, of greenbacks, of printing-press money, of "wheelbarrow" money, of "baloney" money in even the Federal Reserve notes outstanding; and yet Wall Street and the big financial interests and their kept press and kept writers and the banks of the Nation would have the Congress believe that all of that Federal Reserve currency in circulation was sound money, as if it were backed by a corresponding amount of gold held in the Treasury.

Sixth. Take the case of the Federal Reserve bank notes. On February 28, 1934, there were outstanding a total of \$222,215,000, and not one single dollar of it was based on gold. How was it secured? It was secured (a) by \$1,144,000 of discounted and purchased bills, (b) by \$249,774,000 of United States bonds, (c) by \$12,595,000 of lawful money in a redemption fund with the United States Treasurer, and (d) by \$2,471,000 of lawful money in a retirement fund with the United States Treasurer. Of course, by the term "lawful money" is meant any of the seven different forms of outstanding currency, the six forms being already mentioned and the seventh form of money in circulation which I next mention. Thus it must clearly and conclusively appear to any sane and sensible mind that each and every dollar of such total outstanding \$222,215,000 of Federal Reserve bank notes are fiat money, greenbacks, printing-press money, "wheelbarrow" money, "baloney money". Not a dollar of it is founded on gold.

Seventh. The remaining form of currency in circulation is the Treasury notes of 1890, of which, on February 28, 1934, there were outstanding \$1,194,000, secured by 1,194,000 standard silver dollars in the United States Treasury, each and every bit of it, under the definition of "sound money" by Wall Street and its kept agents and kept writers and the propagandists, being fiat money—in short, unsound money.

I again declare my firm conviction to you that the only reason for this propaganda in favor of sound money, trying to make it appear that the total volume in circulation of the seven different forms is all sound money redeemable instantaneously by the Treasury in gold, is to scare the country into the belief that Congress will be wrecking the financial fabric by authorizing any additional money in circulation, so that in turn the country will demand of the Congress that it desist in its effort to increase the currency in actual circulation. Of course, the less money there is in circulation the more completely the country is dependent upon bank credits, and the more completely do the financial interests control the destiny of the American people. It is equally true that a vast and unjustified volume of money in circulation would ruin the country as completely as it has been ruined by an insufficient volume of money in the recent past and at present. The task is, therefore, for the Congress, in performance of its duty under the Constitution to "coin money and regulate the value thereof", sanely to consider what is an adequate volume for the needs of our people. Wall Street and the financial interests and the banks all alike assure us that there is an adequate volume of circulating medium outstanding, and that there is abundance of money in the banks to be lent on adequate security. However, universal experience for the past 3 years is that the banks being the sole judge of what is adequate security, they have unanimously and uniformly decided that nothing is adequate security except United States bonds. It was doubtless the hope of the Chief Executive and of the Congress when Congress enacted the banking bill on March 9, 1933, that the banks, being then made free to take nearly any and all paper in their portfolios to the Federal Reserve banks and rediscount the same for new Federal Reserve notes that they could lend to the people, would avail of that opportunity and so extend loans to business and thus assist in recovery. But I submit that it is within the clear knowledge and experience of each person within the sound of my voice that the banks have done no such thing, that they have not lent, that they are not lending, and that they will not lend; and of course I believe that, so long as the Government gives the banks the opportunity to invest their funds in Government bonds, that long the banks will not aid the country along the road to recovery by extending credits.

It is a common bank assertion and a truism as well that checking accounts predicated on loans extended take the place of currency; but when no loans are made, there are no checking accounts to be based on such loans, and hence a dearth of checks to take the place of currency. I submit, gentlemen, that when the banks have the resources as in the past year, vast deposits, vast reserves, and are all practically liquid, and yet will not lend, even if they should lend so as to aid toward recovery, then a time has come when the Congress, in the exercise of its constitutional duty to provide an adequate supply of circulating medium, should not only allow a discretion with the Chief Executive whether he will increase the outstanding currency but should affirmatively enact that there be forthwith a reasonable increase of the currency. What are the people going to do for money with which to carry on the ordinary processes of business life when the banks have practically ceased to function for any purpose except to receive deposits and to buy Government bonds?

Even if the soldiers' bonus should not be paid at this time upon its merits, it affords a legal, a moral, a legitimate means of distribution of new currency among the people, without adding even one penny to the national debt. This additional \$2,215,000,000 of new United States notes will be founded on

gold actually in the Treasury; and when paid to 3,550,000 men scattered into every State, county, and precinct throughout the vast Nation, will give that freedom to individuals and that purchasing power necessary for the final push over this hump of depression.

There is at this hour gold in the Treasury not now backing any currency that was acquired by the devaluation of the dollar recently in the total amount of \$3,146,749,000, besides other gold that has been more recently purchased. Even with \$2,000,000,000 of that set aside as a stabilization fund under the recent Gold Devaluation Act, there is at least \$1,200,000,000 of free gold in the Treasury which, at 40 cents on the dollar as required by the statutes as a reserve against currency issued, would be more than ample backing for all the currency to be issued under this bill, even if we were yet on the gold standard as formerly.

I call the attention of the Congress and the country to the fact that in February 1933 there was \$6,545,000,000 of money in circulation, but that on a corresponding date 1 year later, that is in February 1934, there was only \$5,292,000,000 of money in circulation; that is to say, there was an actual decrease from February 1933 to February 1934 of \$1,253,000,000 in the money in circulation.

As further illustrative of the absolute power over the welfare and the destiny of the American people which the banks exercise, I call your attention to the fact that the high point in money in circulation in the United States was in March 1933, the very month President Roosevelt assumed the Presidency, when it went up to \$7,500,000,000; and I call attention to the fact that in February 1934 the money in circulation was only \$5,292,000,000, a decrease in 11 months of \$2,208,000,000.

I earnestly submit to your serious consideration the proposition that if the financial powers and the banking institutions, which are private corporations incorporated under the acts of Congress, can in a period of 11 months deflate the volume of currency in circulation by \$2,208,000,000, and thus retard the efforts of the administration and of the Congress to restore normal conditions of prosperity in this marvelous land, it is competent and also a plain duty for the Congress representing the entire American people under the plain mandate of the Constitution to "coin money and regulate the value thereof" to place back in circulation the identical amount thus deflated in the last 11 months without being accused of following the dangerous expedient of inflation.

Perhaps this is too serious a statement to continue at great length, but this measure before us, in my opinion, involves the fate of this Nation. In my judgment, the danger lies not in an increase of the circulating medium by \$2,215,000,000, which Wall Street and its kept agents would have the country believe is inflation, but consists in the present insufficient volume of money in circulation whereby the country is starved; and in my judgment, when the Government shall cease, as of necessity it must shortly cease, to spend and lend untold billions of relief money throughout the country obtained by selling United States interest-bearing bonds, there will be a total collapse of the impetus toward recovery so far achieved unless meanwhile the Congress does its plain duty and provides the country with a reasonable additional amount of circulating medium.

The bankers have always been kind to me personally, too kind for my own welfare often, and I am not speaking in criticism of the bankers when I say that they have been buffeted so terribly in the last 4 years and are in such a state of fear and panic and apprehension that they have not lent, they are not lending, and they will not lend, and they have not contributed any considerable part toward recovery except in purchasing Government bonds; and when the Government ceases to pour out public funds in relief of distress and in employment of citizens, if the country is then dependent upon the banks to furnish credit through loans for further recovery, there is nothing but tragic disappointment and utter collapse inevitable. I beg you gentlemen to consider and reflect upon these matters, because to my mind they appear to be axioms. That tragical consummation can be prevented if Congress will do its duty and

provide the country with a reasonable additional volume of currency, for which distribution can more sensibly be had by paying this bonus in cash now as provided by the bill under present consideration than in any other way yet devised.

The total gold held in the Treasury this day is in excess of \$7,500,000,000. From that total deduct the stabilization fund of \$2,000,000,000, and that would leave a balance of \$5,500,000,000. Such amount of gold will, according to all banking practice, all expert opinion, and all human experience, safely support a total of \$12,500,000,000 of currency on the statutory 40-percent gold-reserve basis under the Federal Reserve Act of 1913. Even if the total amount of all seven forms of paper money outstanding were Treasury obligations redeemable in gold, which they are not, and if we were yet upon the gold standard, and even if the Treasury were under obligation to pay in gold each dollar of the national bank notes and the Federal Reserve bank notes and all of the other forms of "baloney" and fiat and green-back and printing-press and "wheelbarrow" money now outstanding, there is gold enough in the Treasury to do so and also to support the additional issue required by this bonus bill, under the 40-percent gold-reserve requirement.

From such total \$12,500,000,000 possible to be safely and legally issued, if there be deducted the total outstanding currency of each and all seven sorts as specified in my remarks amounting as of this date to \$5,292,000,000 in circulation, as shown by page 95 of the Federal Reserve Bulletin for February 1934, it clearly appears that an additional amount of over \$7,000,000,000 may safely be issued under the 40-percent gold-reserve requirement. However, no such vast additional amount is necessary or is required or is desired, and instead of such \$7,000,000,000 additional that is legally possible this bill calls for only \$2,215,000,000 additional.

Mr. Speaker and gentlemen, I claim no greater devotion than other gentlemen to the proper welfare of the veterans of the World War, but I yield to no other gentleman unless he was a soldier in that war in devotion to them and their welfare. I was a Member of this body in 1917 when the World War was declared. I was the second Member of this body to declare for that war, the able and brilliant Mr. Gardner, of Massachusetts, being the first. I was the very first Member of this body then to declare for the selective service system of forming that Army, called the draft system. I voted for each appropriation necessary to conduct that war to its final conclusion. I made trip after trip to the ports to wave the young patriots farewell upon their glorious adventure. I made trip after trip to the ports to welcome those who returned to this blessed land. Day after day we of the House and of the Senate who had taken that same position stood before the maps upon the wall in the lobby and gazed at the lines showing the gradual forward movements of those noble young fellows. Our hearts swelled with tender and affectionate pride when our young patriots arrived in France, and went immediately into action, and never turned their backs to the foe. We watched that line waver, but we never saw it break. In our minds and feelings we lived as nearly as possible with them day and night in the trenches, in the hell of shot and shell and poison gas. Their indifference to danger and death, their youthful ardor and enthusiasm under the worst conditions, their perfect courage under fire in the hardest battles, their uncomplaining resignation to sickness, wounds, disease, and even death suffered for the Stars and Stripes, and their manly conduct after victory, place them in the true category of the immortals.

I grieved with the parents when reports reached me and I communicated same to them that this and that son had paid the price of patriotism and had achieved the distinction of the ultimate sacrifice. We left some 100,000 dead upon the fields of war. When they broke the Hindenburg line that no other soldiers had more than dented, my emotions were like the emotions of other patriotic Americans in exultation at their deeds of daring and of valor. When they came back to the shores of America one universal

heart throb of pride and joy possessed our people. Whether descendants of heroic Union soldiers who remained in the North and East or had migrated to the golden West or whether descendants of heroic Confederate soldiers who remained in the land of sunshine and chivalry in the ancient South, wherever they went a united people poured out the blessing of their benediction upon them. The years have passed, and they are no longer in the heyday of glorious youth. Due to no fault of their own, multitudes are in distress and their spirits are darkened, life to multitudes is no longer glamorous, stern reality and suffering have tempered and sobered and saddened; and now they wonder, when they know their services were patriotic, their sacrifices great, their impulses right and their citizenship good, and that they have demanded little and received less of the Government they protected in their glorious youth, why they are held up to ridicule by the great and powerful and their satellites because merely they ask their Government to anticipate a debt the Government in writing confesses it owes them.

I earnestly believe this bill should pass. I earnestly hope it will pass the House and the Senate and be approved by the President. I want to see those splendid fellows in a solid phalanx parading under the flag again with the renewed feeling in their hearts that they did not fight in vain and that ingratitude of those who stayed at home is not to be their portion. I want to see their lives brightened, their families made more happy, justice done, joy and sunshine take the place of gloom and darkness; and by the passage of this bill I want them to know that the heart of the American people goes out to them now in their time of depression in remembrance and in affection and in gratitude for the deeds they performed in their glorious youth to the honor and glory of our beloved country.

A C.W.A. COUNTY ADMINISTRATOR GETS FIRED

Mr. McCLINTIC. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. McCLINTIC. Mr. Speaker, what is the matter with Mr. Albert J. Burnham, editor of the Roger Mills County News? He has recently taken me to task in an article published in his paper. As a rule I do not pay any attention to this kind of criticism; but when a person rants, as he is now doing, the public is entitled to know what is wrong. He was recently fired as C.W.A. county administrator. He had a good job and lost it, after an investigation was made which showed that men paid out of the C.W.A. funds were required to perform labor in connection with the printing plant and for other acts that were out of line. Anyhow, affidavits to this effect were filed with the honorable Carl Giles, State administrator.

Did you ever see a fly that had been caught in a spider's web—how it kicks and jumps around for just a little while? He knew that President Roosevelt announced a policy asking that politics be kept out of public relief and C.W.A. activities. He knew that Members of Congress provided the legislation that set aside the money to be used for this purpose; yet, instead of obeying the President, he insisted in using the columns of his paper to publish statements about me that were either untrue or misleading, and every reader of his paper will remember that he has been doing this for many months.

He thought his position was secure and that he could continue to do as he pleased. To say the least, if he had not been so sure in thinking he could do as he pleased, he might now be holding down the position that was taken away from him. He was warned about using his paper to play politics and in promoting the candidacy of others while serving as head of the Civil Works Administration. I have it from the highest authority that he made a desperate effort to keep from being fired, but he continued until Mr. Giles, in order to carry out the policy announced by President Roosevelt, felt that all that could be done was to put someone in charge who was interested in the welfare of the poor unfortunates

who need employment and in addition would stay out of politics. There is an old adage: "A man generally reaps what he sows." Brother Burnham got exactly what he invited.

Up to the present time I have never written a single county administrator asking that anyone be given special consideration; on the other hand, I have been interested in securing a sufficient amount of funds to take care of those who are deserving; and being a supporter of the President, I was willing to do exactly what was recommended as to not playing politics with matters that affect the livelihood of poor unfortunates. How much better it would have been for Mr. Burnham if he had done likewise.

I have always noticed that when a person reaches the place in life where he thinks he is smarter than the other fellow that usually he is riding for a fall, and Mr. Burnham's experience in being fired for playing politics and mishandling funds under his control will, I hope, be a lesson to him in the future.

As to his criticism of me for giving recognition to my friends, instead of my opponents, I have no apology to make, as a person who will not stick with his friends cannot last long in anything. I do not believe that any fair-minded person would expect me to do otherwise; anyhow, every individual that has been appointed by me to render service to the district was authorized by a resolution which was unanimously passed at a joint convention held at Elk City, Okla., composed of county chairmen, congressional officials, and officers of the League of Young Democrats. This is the highest party authority that can be given in a district.

I am proud we have the kind of President who is doing his level best to restore this Nation to normalcy. He may make some mistakes, and would not be human if he did not, yet it is always to be deplored that a person acting for him should be found unworthy of trust, and I feel very sorry for Mr. Burnham, who did not obey orders and, of course, had to be relieved of his responsibility. I hope it will not be necessary for me to reveal other facts that relate to the mishandling of funds under his jurisdiction, as I prefer to let the dead rest in peace. Anyhow, he is at liberty to go ahead and sponsor the cause of anyone whom he may desire, and I will take my chances by standing with the President in his great program of recovery.

HOUSE RESOLUTION NO. 236

Mr. LUDLOW. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record.

The SPEAKER. Is there objection?

There was no objection.

Mr. LUDLOW. Mr. Speaker, I hope that the House will adopt the resolution offered by the gentleman from Illinois [Mr. DE PRIEST], providing for a fair and impartial investigation of the House restaurant by a committee composed of Members of this body. I think it is due to the House and the country that the committee be appointed and the investigation be made.

Furthermore, I hope the resolution may be adopted unanimously so that in our deliberations here we may give evidence of a sincere, earnest desire to compose the turbulent issues that have arisen over the restaurant, to the end that the country may have confidence that the final settlement of the controversy, whatever it may be, will be on a basis of exact justice to all the citizens of this Republic.

I cannot conceive of any reason why any Member of this House should oppose the adoption of this resolution, whatever his views may be on racial questions. The resolution does not fix any policies or promulgate any decrees. It simply provides in the good, old-fashioned American way that we shall have an open and aboveboard investigation by a committee of five Members to be chosen by the Speaker, toward the end of reaching a final understanding on a basis of fairness and justice toward all people. That is the tempo of the resolution; and I believe that under the unfortunate circumstances which have arisen and the atmosphere that now surrounds this controversy, it is best that we adopt this resolution at once and proceed to the investigation. The interests of the country require that something be done

to prevent a repetition of the riotous scenes that occurred in this Capitol last Saturday.

There was a great deal said in the speech made by Mr. DE PRIEST to the House on last Wednesday that I thought was admirable. It is true as gospel, as he stated, that among the colored citizenry of our country, comprising 0.1 of our entire population, communism has never taken root. It is true, as he stated, that when it comes to loyalty to our institutions, when it comes to giving their lives, if necessary, that the ideals maintained in our cherished Constitution may go on and on, blessing future generations, the colored people have always been "on the square with this Government." They do not entertain treasonable suggestions, they do not commit sabotage against the Government, they are true and loyal to America, and when the time comes to fight for home and country they are as brave soldiers as ever served this Republic. All of this was stated by Mr. DE PRIEST more impressively than I could state it, and he spoke truly. I believe, as he believes, that an element of our population that has such a clear record of loyalty and service to the country in peace and in war is entitled to its "just rights under the Constitution."

I thought Mr. DE PRIEST spoke in a high strain of patriotism when he said:

I have repudiated communism everywhere. I think it is un-American; it is against our form of government; and whatever complaint I have to make against the treatment of my people, I am willing to stay here and fight it out with you and not try to destroy our form of government.

I do not believe that in his heart the gentleman from North Carolina [Mr. WARREN] is at all opposed to this investigation. In his frank, clear, and well-tempered address to the House on March 23, he said:

It is a matter of utter indifference to me. I am always ready to meet, and to meet squarely, any issue that ever arises here in this body, but it is entirely up to the Members of the House to settle this whole thing according to both their desires and their tastes.

Mr. WARREN has made a financial success of the restaurant. His record in that respect is most remarkable. He has accomplished what a long train of predecessors could not do, by abolishing deficits in that establishment, and for the first time the restaurant is on a paying basis, so that, as far as the future reveals, it will no longer have to be sustained by Federal appropriations. For that notable achievement Mr. WARREN deserves much credit. I entertain the hope that he will agree to this investigation. The restaurant is a public institution. In the past its deficits—and they have been many—have been paid from funds derived from taxation of all the people, and its management should be conducted on a basis of absolute fairness to all our people.

I hope this investigation, when it is made, will result in the establishment of permanent rules for the restaurant and in an understanding that will settle this controversy satisfactorily for all time, and I hope it will be made soon. All Members of the House, North, South, East, and West, should vote for this resolution, and I see no reason why its adoption should be delayed until April 9 when the vote on discharge of the committee would be automatic under the rule. Let us join together and adopt it now and proceed with the investigation.

SENATE AMENDMENT 22 TO INDEPENDENT OFFICES BILL

Mr. McGRATH. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record, and to include therein replies I sent to telegrams received from the Veterans of Foreign Wars, the Disabled American Veterans, the United War Veterans, and the American Legion.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. McGRATH. Mr. Speaker, in order that I and the other Members of the House might have exact information concerning the stand on the Senate amendments to the independent offices appropriation bill, I sent the following

identical telegram to the national headquarters of each of the following veterans' organizations: Veterans of Foreign Wars, Disabled American Veterans of the World War, United Spanish War Veterans, and the American Legion:

Expect Senate amendments 14 and 22 before House Thursday. Wire me position Veterans of Foreign Wars.

I received the following replies, all dated March 22, 1934:

Answering your telegram, Steiwer-McCarran amendment acceptable to Veterans of Foreign Wars.

JAMES E. VAN ZANDT.

Answering your telegram, Spanish War Veterans are more concerned as to the policy under which they receive benefits from Congress than the amounts they receive. Taber amendments, because of certain unfair provisions, are unsatisfactory. Steiwer-McCarran amendment, so far as it affects Spanish War Veterans, is acceptable. You may use this telegram as you deem best.

RICE W. MEANS,

Chairman National Committee on Legislation,
United Spanish War Veterans.

MY DEAR MR. MCGRATH: This will acknowledge receipt of your telegram requesting a statement as to the position of the Disabled American Veterans on the present legislative situation.

In reply, I would outline our position as follows:

1. The Disabled American Veterans feel that this session should not adjourn without reenacting practically all provisions of the old World War Veterans' Act so far as they concern the service-connected cases.

2. The Disabled American Veterans feel that the immediate action should be for the House to concur in the Steiwer amendment as it passed the Senate.

3. While we know of no one, speaking with authority, who has stated that the President would veto such a bill, persistent rumors to that effect should not, in our judgment, prevent Congress from performing its duty in the way of legislating to correct the cruel injustices which Senators and Representatives have had an opportunity to view in their home districts during the year that has elapsed since the enactment of the hysterical bill of last March.

4. Should the much-propagandized veto be returned, Congress should continue to do what it thinks is correct by overriding such a veto.

5. Should there be a veto and developments be such that it cannot be overridden, both branches, in our judgment, should, through existing committees, give deliberate thought to this whole vast problem and then vote on the committee reports in the regular way.

I take this opportunity to call your particular attention to two outstanding features of this whole situation.

During the past year every cross-section of Americans, from charwomen to industrial magnates, has had its full day in court in the discussion of every phase of the agreements covering their lives, with the single exception of the man disabled in the Nation's defense. Again, the most conclusive proof that the precipitous action of a year ago was not justified is shown by the fact that, during the past year, approximately 50 changes by law and Executive order have already been made in the act, and it is manifest that other changes are imperatively needed.

Most respectfully,

JOE W. MCQUEEN,

National Commander Disabled American
Veterans of the World War.

MY DEAR CONGRESSMAN: In response to your telegram, it is our opinion that if the House recedes and concurs in the Senate amendments relative to World War veterans, the bill that will go to the President will be vetoed. In which event the veterans will obtain nothing by way of legislation.

The House amendments contain substantially three points of the American Legion four-point program. A vote for them would at least be an effort to provide relief for the war disabled, which is the object of the American Legion.

We respectfully request that you lend your aid and assistance in seeing that the House does not take this action, but that the House insists upon its own amendments relative to World War veterans. We are convinced that if the bill goes to the President with the House amendments, it will be signed.

I am, very truly yours,

JOHN THOMAS TAYLOR,
Vice Chairman National Legislative
Committee American Legion.

It will be noted that all of the organizations except the American Legion stand squarely behind the Senate amendment. I would also call to your attention the statement in the first paragraph of the letter from the American Legion that their reason for supporting the Taber amendment rather than the Senate amendment is based solely upon the assumption that the Senate amendment would lead to a veto.

I have listened carefully to the discussion, and I have consulted every available source of information. I have received no definite assurance that either amendment will or will not lead to a veto at the hands of the President.

I will stand upon my own opinion that the Senate amendment, in spite of its defects, comes closer to giving justice to presumptives with real disability, with war-time origin, to Spanish-American War veterans, and to actually disabled emergency officers with service-connected disabilities.

I continue my support of the Senate amendments, thus fulfilling my promise that I would do my best to correct any injustices which might develop under Public, No. 2, Seventy-third Congress.

PERMISSION TO ADDRESS THE HOUSE

MR. BLANTON. Mr. Speaker, under the question of the privilege of the House, I want to call attention to the editorial appearing in yesterday afternoon's Washington Times in large box-car letters headed, "Federal Pay Cut Tricksters Cannot Prevail Forever." It states—

MR. SNELL. Mr. Speaker, if the gentleman from Texas is going to call the matter up under the question of the privilege of the House, the gentleman should present a resolution.

MR. BLANTON. I shall in a few minutes, if it becomes necessary.

MR. SNELL. It should be presented in the regular way.

MR. BLANTON. I did not want to take so long as that.

MR. SNELL. If the matter is of sufficient gravity to be considered as impugning the action of the House, it should be presented in the regular way.

MR. BLANTON. Does not the gentleman think it impugns the House when it refers to Members as pay-cut tricksters?

MR. SNELL. I should think so; but I think it should come up in the regular way.

MR. BLANTON. I did not want to take up an hour's time.

MR. Speaker, I ask unanimous consent to proceed for 3 minutes.

THE SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

MR. BLANTON. Mr. Speaker, it is well known to every posted person that the President of the United States has insisted that not more than the amounts proposed by the House respecting restoration of pay cuts shall be granted, and that the fight made by administration leaders in this House on the subject of pay cuts has been in support of the President and his policy and program.

Yet, covering the entire top half of the editorial page of his Washington Times yesterday afternoon, printed in large box-car letters, Mr. William Randolph Hearst carried a slanderous editorial, stating:

The trickery and parliamentary maneuvering with which skillful politicians are delaying and frustrating the efforts to restore Government salaries are worthy of opponents of decency.

Why has it been necessary to resort to trickery to delay and heckle this measure?

It has been necessary to resort to such tactics because only by their use could fair-minded and honorable Members of the House and Senate be prevented from the prompt enactment of a provision which embodies one of the essentials of economic recovery.

Only by such tactics could the present inconsistent position of the Government on the matter of purchasing power be maintained.

The friends of decency, however, have one consolation, and that is that trickery cannot prevail forever.

The above is an uncalled for, inexcusable, slanderous attack upon the President. It was the President's program and policy which the administration leaders of the House were fighting to uphold. The President personally requested the House to take such action.

There has been no trickery. There has been no inconsistency. There are over 300,000 Government employees now getting high salaries. The fight has not been to restore salary cuts respecting the low salaries. The fight has been to restore salary cuts to all salaries. Every time there has been a vote taken in the House there has been a majority of the Members voting to sustain the President. On the last

vote we took the other day there was a majority of 46 votes sustaining the President's position. So the House of Representatives is with the President and not with Mr. Hearst.

For about a month, daily, the Hearst papers in Washington have been criticizing the House for not restoring all salary cuts. Every day in editorials printed in large box-car type covering the top of the front page Hearst papers here have cast slurs and criticisms because the House of Representatives has loyally supported the President.

I call attention to the fact that of all men on earth to take this position, William Randolph Hearst should be the last, for I am reliably informed that he first cut his employees' wages 10 percent and later cut them another 10 percent—a 20-percent cut to his employees. William Randolph Hearst ought to get his own house in order before he says a word about taking public money out of the Treasury to pay to Government employees. He ought to make a full restoration of salary to his own employees instead of compelling them to work under a 20-percent cut, as I am reliably informed is the case.

What is the purpose of William Randolph Hearst in this matter other than to sell a few newspapers in Washington? Is it a party matter with him? Is he a loyal Democrat? Is he a dependable party Democrat? I do not think he is. He never runs his paper in the interest of the Democratic Party or of the Democratic administration. Is he a loyal Republican? Has he ever fought your Republican battles for you? I think he is a mugwump, with his mug on one side and his wump on the other. [Laughter.]

AIR MAIL

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to address the House for 2 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I want to call the attention of the House to the pitiful plight of the Army pilots who are flying the air mail, and the enlisted men engaged in this service.

One thousand two hundred men in this service are not receiving enough money on which to live properly. Many of them have lost weight during this time of nonpayment. It is a very pitiful condition. It is just another example of the hardship that has been worked upon our Army men, as well as upon the air public, through the cancelation of the air-mail contracts.

I earnestly hope, Mr. Speaker, that something will be done to remedy this situation. I have introduced a resolution to pay these men. It should be passed immediately. It does not seem fair, it does not seem just that Uncle Sam's men should not have enough to eat; and I understand this has been the condition.

How long, Mr. Speaker, must the innocent pay for the alleged guilty? It is conviction without a hearing. If guilty, the air-mail firms should be punished at once, not the taxpayers and the innocent Army pilots, 11 of whom went to their death. The other Army pilots, because of lack of per diem allowances, are sent hungry on their most hazardous tasks. Why does not the administration pay its debt at once to the living; it can never pay its debt to the dead? Congress must act, as the administration will not.

A great many letters come to me, Mr. Speaker, from the air-mail public stating that although 8-cent stamps are put on their letters they are not receiving air-mail service. The air mail should again be carried by commercial companies.

I earnestly hope, Mr. Speaker, that something will be done to restore at once the air mail to commercial companies. Forty-six commercial pilots have been employed by the War Department to fly the air mail, another proof that the Army was not prepared to take over this work.

Just today I was talking with an officer concerning Army aviation training. He was a reserve pilot. He stated that in his 2 weeks of alleged training in the summer to fly Army planes he had received but 3 hours' actual flying experience.

The administration wrote for the Army pilots c.o.d.—a code of death, Mr. Speaker.

[Here the gavel fell.]

RECIPROCAL TRADE AGREEMENT

Mr. DOUGHTON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H.R. 8687) to amend the Tariff Act of 1930.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H.R. 8687, with Mr. PARSONS in the chair.

The Clerk read the title of the bill.

Mr. DOUGHTON. I yield 30 minutes to the gentleman from Nebraska [Mr. SHALLENBERGER].

Mr. SHALLENBERGER. Mr. Chairman, I wish to approach the discussion of this bill from a little different angle than that of those who have preceded me. In spite of what was said yesterday by the very distinguished and brilliant gentleman from Illinois [Mr. BRITTEN], I think there are profound possibilities for the promotion and preservation of world peace in the reciprocal trade provisions authorized by this bill. The greatest peacemakers in the world are the merchants and traders of the various nations who buy and sell with one another. I once heard Baron Shibusawa, the great Japanese statesman and business leader, say in discussing the possibility of war between his nation and ours:

Most wars result from the ambitions and mistakes of statesmen and warriors; but because of the mutual benefits and the kindly relations and community of interests that grow out of friendly and profitable trade, it is possible to weave a bond of friendship between nations so strong that neither the warrior nor the statesman can break it.

In the face of the new doctrine of national isolation and self-containment that is being urged as a part of our preparation for the next world war, it is refreshing to note that President Roosevelt's message asking for this bill met with immediate and favorable response, both at home and abroad.

We have listened to several quotations from a speech by the Honorable Ogden Mills, but I want to read a few quotations from the real molders of public opinion—the press.

That great Republican newspaper, the New York Herald Tribune, of March 17 last, in an editorial upon the bill under consideration, said:

The principle of reciprocity agreements has much in its favor. It has an old Republican lineage. Members of that party in Congress who now oppose it reveal a willingness to drive opposition to absurdity. The most that they can reasonably demand is that the President's powers be properly circumscribed. The Nation needs reciprocal trade agreements more than it needs the tariff as an issue in the next congressional campaign.

At a meeting of business executives at New York City on March 13 last, Col. Robert McCormick, editor of the Chicago Tribune, the leading Republican newspaper of the Central West, urged "full support of the administration program for developing foreign markets." Colonel McCormick proposed an immediate beginning on the foreign-trade expansion program, and said:

While I have not been authorized to speak for anyone but myself, I know the minds of my fellow editors. I know they are just as eager to develop foreign markets as I am, * * * with great benefit to ourselves and great benefit to those abroad.

At a national conference of farm editors lately held at Washington, D.C., the following resolution was adopted:

It is our conviction that neither American agriculture nor the American people as a whole can prosper adequately without perpetual effort to protect and enlarge our foreign markets, and to this end we urge that the utmost utilization be made of all practicable forms of reciprocity and international readjustment.

From far-off Chile at the moment of the President's proclamation on this matter comes the following:

SOUTH AMERICA ACTS TO SET UP TRADE ALLIANCE

[Chicago Tribune Press Service]

SANTIAGO, CHILE, March 16.—Another and a more important step toward the goal of a South American economic alliance was registered at the first conference of continental chambers of commerce, which met recently in Valparaiso.

Whether or not the United States is associated with the newly developing policy will depend a good deal on Washington. Nevertheless it was indicated that the Latin-American traders are more friendly disposed toward the United States by the ringing cheers for President Roosevelt's reciprocal trade overtures.

CONTINENTAL CUSTOMS UNION

It is considered that the conference of chambers of commerce will be the starting point of many trade treaties. These negotiations must inevitably lead up to the realization of the aspiration common to all—a continental customs union.

From Brazil comes the following, and this also is taken from the Chicago Tribune:

Trade relations with Brazil are used as a specific illustration in suggestions for the development of foreign trade.

IMPORTS OVERWEIGH EXPORTS

The United States buys about 45 to 50 percent of Brazil's total exports, and the volume of our imports from Brazil is about three times as great as our exports to that South American country.

So we see that in the great Republic to the south of us there is a wide-open opportunity to expand the sale of American products.

From Italy comes this dispatch:

ITALY READY TO TRADE WINE AND SILK FOR UNITED STATES COTTON, MOVIES

ROME, March 16.—An exchange of Italian wine and silk for American cotton and films was suggested by experts today as a possible basis for an increase in trade between the two countries.

I could go on reading many more favorable quotations, but those read are sufficient to show the trend of public opinion both here and abroad.

Customs duties were originally levied for the support of governments. So-called "protective tariffs" were first advocated as a means to help infant industry, but in America the infant soon grew to be a giant. Next it was claimed that high tariffs were necessary for the protection of labor. But investigation showed that protected monopolies resisted every attempt to pass on to labor its share of tariff profits. American workmen have always had to organize and fight to win American standards of living and fair wages for themselves.

Prohibitive-tariff advocates now demand it because its beneficiaries need the money. They would make rates high enough to destroy competition. Trade barriers and embargoes are being set up between nations everywhere, and behind these walls the consumer pays the price that monopoly demands. The result of this policy has been the destruction of world trade, idle factories, abandoned farms, unemployment for millions of men, and tremendous losses to the national income.

A program of reciprocity and friendly trade agreements was never more needed than today. This bill is a part of the President's great program for business recovery. It is another bold stroke in his efforts to restore national prosperity. He asks for authority and power to battle for the recovery of our lost markets and to rebuild our trade with other nations. At the same time he promises to protect American industry and agriculture.

World trade is just what its name implies—an exchange of commodities between individuals and nations. Only trade balances are settled with money. We cannot sell unless we buy. There were no surplus problems to trouble American producers until tariff barriers between nations killed our markets for American products. It is un-American to put a penalty upon production. It can only be justified in a national emergency. The farmer or manufacturer who produces a surplus of useful commodities is promoting his own and his nation's prosperity and benefiting mankind.

Take my own case, for instance. I run a ranch out in Nebraska. If I did not produce on the farm more than I consumed I would be no better than the Indian that had lived there before me. It is necessary to produce a surplus in order to bring prosperity, either to the individual or to the Nation, but you must find a market to sell the surplus, and that is what we are empowering the President to do for us by this bill.

During the World War period trade barriers were broken down, demand and production were permitted an open field in which to operate, and world trade swelled to more than

\$50,000,000,000 annually. This great volume of world commerce warranted hopes that the gigantic war debts might be paid. Prices and production of both manufacture and agriculture were on a basis that permitted honorable liquidation of both national and private debts rather than the disaster and disgrace of general bankruptcy. But a spirit of intense nationalism grew out of the prejudices of the great war. Nations began to erect tariff barriers against each other and each sought to keep the profits and benefits of world trade and prosperity to itself and to deny to others their share.

This war psychology and policy of national isolation has prevailed until world trade is only one fourth of what it was from 1920 to 1930. Not only has world commerce been killed, but internal prosperity has sickened also. Millions of men have lost employment because the markets for their products have disappeared. World trade has shrunk from fifty billions annually to less than fifteen billions. Our foreign trade with other peoples has fallen from \$5,000,000,000 annually to something like a billion and a half. Under these conditions, unsalable surpluses have piled up, labor is looking for bread with which to live, and thousands of bankers, farmers, and business men are bankrupt. This bill will give the President power to wrestle with this problem.

There can be no permanent economic recovery until both foreign and domestic trade is revived. Profitable prices cannot long be maintained by enacting laws that heap increasing burdens upon consumers and taxpayers. We can bolster prices and inflate credit with Government loans, but notes and bonds must be paid and interest works night and day against the borrower. What the American people need is not the ability to borrow more money, but a price for our products that will enable us to pay what we have already borrowed.

To secure better prices we must build broader and better markets. American farmers and manufacturers are the most efficient in the world. They can win back the markets we have lost if permitted a free opportunity to do so. By this bill we are giving the President the power with which to win this opportunity for us. During the decade from 1920 to 1930, when we sold annually five billions of surplus products to other peoples, 40 percent of that trade was from the farm and 60 percent from the factory. We sent our surplus products north and south to the countries of this hemisphere, we sent them eastward across the Atlantic to Europe, we sent them westward beyond the Pacific to the Orient, and with them we laid hold upon the money and the commerce of the world, and we swept it across these mighty seas and poured it into the lap of American industry; and because of this great tide of trade and commerce, we became the happiest, the most prosperous, and the richest people upon the face of the globe.

It is to restore those happy days that your committee comes to the Congress with this reciprocal trade bill. It is a testimony of our faith that we can rebuild what has been torn down. It gives life to those policies of reciprocal trade taught by Blaine, by McKinley, and by Wilson. Speaking on this subject in 1921, President Wilson said:

Clearly, this is no time for the erection of high trade barriers. It would strike a blow at the successful efforts which have been made by many of our great industries to place themselves on an export basis. It would stand in the way of the normal readjustment of business conditions throughout the world, which is as vital to the welfare of this country as to that of other nations.

Embargo protectionists object to this bill because they fear the President will reduce tariffs to the injury of American producers. There is no warrant for that assumption. The American people have confidence that the President will only use the powers conferred in this bill to promote American trade and prosperity and give added employment to American labor.

Some say the bill gives the President too much power to control tariff. The tendency of high tariffs is to create private monopolies. Monopoly for profit is intolerable and indefensible. When once monopoly gets its hold upon the earnings of the people it requires drastic legislation to shake

it loose. James G. Blaine was a great apostle of commercial reciprocity between nations. His defeat for the Presidency was a greivous disappointment to Robert G. Ingersoll, the matchless Republican orator from Illinois, who nominated Blaine in a great speech. Ingersoll was a Democrat before he was a Republican and he was always a liberal on the tariff.

After Blaine's defeat a man in Peoria, Ill., where he lived, went to him and said: "Mr. Ingersoll, I cannot understand the tariff. It is too deep for me, but you have the gift of language; you think clearly upon anything to which you direct your mind; you can explain a thing so simply and so plainly that anybody can understand what you mean. I wish you would explain the tariff to me."

Mr. Ingersoll said: "I can explain it best by telling you a story. There was once an old man named 'Uncle Sam', who had a big family of boys. The oldest of his sons he named 'agriculture', the strongest and most industrious he called 'labor', a great big hungry fellow who could never get enough to eat he called 'consumer', and so on, down through his numerous family until his youngest child was born, the Benjamin of the family, and he named this promising infant 'industry.' 'Uncle Sam' looked at little 'industry' and said, 'He is not as big and strong as his elder brethren; I will have to feed him better than I feed them.' So he began to take away from 'agriculture' a portion of that which he dug by toil out of the land. He took from 'labor' a portion of what he earned by the strength of his arm and skill of his hands. He robbed the 'consumer' of a lot that belonged to him, and from the portions that he took from his elder brethren he mixed an infant food and he called it the 'tariff', and he began to feed it to little 'industry.' Under the inspiration of this marvelous food the child began to grow, he grew very rapidly, and the first thing 'Uncle Sam' knew here was his head sticking out of the cradle at this end and his feet way down there.

"'Uncle Sam' looked at him and said, 'I don't need to rob his brethren any longer to feed this big fellow, I'll let him take care of himself.' Instantly the child showed he could do so. He stood upon his feet. Behold, he had grown bigger than his father. The infant, 'industry', had become the giant, 'monopoly', and he said to 'Uncle Sam', 'Old man, keep on feeding me just as you have done or I'll knock your head off.'"

And said Mr. Ingersoll, "Uncle Sam was afraid, and he has been feeding him ever since."

With the decline of our world trade, Government receipts from customs duties have declined to an almost negligible amount. For 1929, receipts from customs duties were \$600,000,000 plus. For 1932 they had declined to three hundred and twenty-six millions, and for 1933 fell to the low level of only \$250,000,000.

For the decade from 1920 to 1930, when our world trade totaled four or five billions annually, the Treasury profited greatly, as well as industry and agriculture. Farm surpluses then consisted of money in the bank and cash in the farmers' pockets. Manufacture and commerce were busy supplying the commodities that farmers and laboring men were anxious to buy. A man once said to me, "When men have money, they humor their tastes." When the farmer has money in his pocket, he buys the products of industry and labor.

When our world trade was at full tide, cotton sold at 20 cents per pound on the southern farm, western wheat at \$1.50 per bushel, fat hogs at \$10 per hundred, and fat cattle at even a better price. Tobacco was double the present price and butterfat and other dairy products were 100 percent higher than at present. No wonder that under such conditions our banks were full of money, our stores were crowded with buyers, the wheels of industry were humming, and production was at high pressure in all lines of manufacture.

Mr. VINSON of Kentucky. Will the gentleman yield?

Mr. SHALLENBERGER. I yield to the gentleman from Kentucky.

Mr. VINSON of Kentucky. The gentleman referred to the exportation of wheat. I call the attention of the gentlemen of the House to the fact that the value of wheat exported in 1932, including flour, was the lowest of any year since 1905. With reference to raw cotton, with one exception, the year 1931, the value of our cotton exports for 1932 was less than any year, save 1931, since 1903.

Mr. KNUTSON. Will the gentleman yield?

Mr. SHALLENBERGER. I hope that the gentleman will not use too much of my time.

Mr. KNUTSON. It is a fact that there are 12,000,000 acres in cotton in the British Empire. This fact was brought out in the hearings.

Mr. VINSON of Kentucky. I do not recall the acreage, but a large number of markets have been taken from us.

Mr. SHALLENBERGER. I decline to yield further.

From 1920 to 1930 we exported seven times as much as we did in the seventies of the last century.

For 50 years during good times and bad times, low tariffs or high tariffs, our imports have been divided 25 percent finished goods, 25 percent partly finished products, and 50 percent of raw products on the free list. The volume and value of our world trade has varied greatly over the years, but the proportions and divisions of commodities have remained practically the same.

The first purpose of this bill is to permit the President to change tariff duties in order to recover the world trade we have lost, but the President will use the utmost care and caution before exercising the great powers granted him under the bill. He has every agency of the Government at his command to advise and inform him. He will be thoroughly prepared to act instantly whenever our national interests require it.

For the 12 years of the Tariff Acts of 1922 and 1930 there were very few changes made in the tariff schedules by Executive orders authorized by those laws.

I have here a report from the United States Tariff Commission. Under section 315 of the act of 1922 there were 32 increases made in the tariffs and 5 decreases, 37 in all. It might interest the farmers to know that the principal increases were made in their interests. Wheat was increased from 30 cents to 42 cents. Flour was increased. Butter was increased. Onions, peanuts, whole eggs and mixed eggs, flaxseed, fresh milk and cream, window glass, and linseed or flaxseed oil were increased. Mill feeds and bran, bobwhite quail, paintbrush handles, cresylic acid, and phenol were decreased. There were 37 changes in all. No changes were made in 4 cases, and no action taken at all on 8 applications.

Under section 336 of the act of 1930 there were 106 investigations; 58 of them were completed. Twenty-five resulted in increased duties, 26 resulted in decreased duties—it was almost a stand-off—and in 56 investigations there were no changes made.

So I do not expect great tariff changes to occur following this legislation. But the fact the President has this authority will be a powerful influence in making trade agreements in our interests. Other nations have granted similar authority to their rulers, and we should put our President on a level with them. We do not want to send a colonel or a brigadier general to represent us. We want to empower our President with the authority of a full general and give him the same authority and power granted to those who represent other nations.

In conclusion, Mr. Chairman, there is no foundation for the prophecies of disaster that impend if the President is given the powers to act contained in this bill. The Nation wants action, because it has experienced the disasters that resulted from the standpat policy of delay and inaction which has brought us to the condition with which we are now confronted. The Congress should pass this measure promptly and permit the President to go forward in his great work of recovering the markets we have lost and restoring the prosperity that is the rightful heritage of the

American people. We must give the President the necessary power and authority to fight to bring it back to us. [Applause.]

Mr. JOHNSON of Minnesota. Will the gentleman yield?

Mr. SHALLENBERGER. I yield.

Mr. JOHNSON of Minnesota. I intend to vote for this bill—

Mr. SHALLENBERGER. I was sure the gentleman would.

Mr. JOHNSON of Minnesota. But I want to ask the gentleman one question. Many have been writing me from my own State, and they seem to be afraid the President will not take care of the farmers under this measure. I think the President will, and I want to ask the gentleman if he honestly thinks the President will give the American farming industry a fair and square deal.

Mr. SHALLENBERGER. I certainly think he will—I know he will—because we judge the action of men in the future by what they have done in the past. The President is a farmer himself. I have just received a little memento sent to me from Dutchess County, N.Y., by a friend of mine in the county where the President's farm is located. I know the President is agriculture-minded. He will fight for us, Mr. JOHNSON, and I am willing to trust him, and I am pleased to know that the gentleman from Minnesota is also going to vote for this legislation.

Mr. KNUTE HILL. Will the gentleman yield?

Mr. SHALLENBERGER. Yes.

Mr. KNUTE HILL. Can the President do any worse under this authority than President Hoover did during the 4 years he was in power?

Mr. SHALLENBERGER. I hope he can do much better, and I know he will.

Mr. MAY. Will the gentleman yield?

Mr. SHALLENBERGER. Yes.

Mr. MAY. Is it not a fact that the President has already shown, during his administration, his attitude toward labor by reviving and invigorating the Federal land banks in order to help the farmer, and also the intermediate credit banks and all the other agricultural activities that he has favored since March 1933?

Mr. SHALLENBERGER. Yes; and I am pleased that the gentleman has brought that to my attention. We have taken care of the interests of the farmer so far as saving his home, giving him cheap money, and helping him through moratoriums in order to save that which he might have lost without such action, and now we propose to give him what I may say again is the thing which the farmer most needs—a chance to sell his goods in a market that will enable him to pay his debts.

Mr. WEARIN. Will the gentleman from Nebraska yield?

Mr. SHALLENBERGER. I yield to the gentleman from Iowa.

Mr. WEARIN. I recognize in the gentleman from Nebraska a great authority upon this subject, and consequently I want to ask this question. I have gathered from the gentleman's remarks this morning that it is true our greatest periods of prosperity have moved along, hand in hand, with times during which we have had the largest volume of foreign trade.

Mr. SHALLENBERGER. Both foreign and domestic trade—they go up and down together.

Mr. WEARIN. Certainly. I thank the gentleman.

Mr. SHALLENBERGER. Mr. Chairman, I yield back the remainder of my time.

Mr. KNUTSON. Mr. Chairman, I yield 5 minutes to the gentleman from Nebraska [Mr. CARPENTER].

Mr. CARPENTER of Nebraska. Mr. Chairman, it is a rather sorry state of affairs when a man who has the privilege of being affiliated with the Democratic side of the House and who happens to be opposed to the tariff bill under consideration cannot get any time from his own side. It shows

the liberal attitude existing with a great many leaders on this side of the House and their spirit of fairness.

Mr. DOUGHTON. Will the gentleman yield?

Mr. CARPENTER of Nebraska. Certainly.

Mr. DOUGHTON. The time was equally divided between those opposed and those in favor of the bill, and the gentleman on the other side was given half of the time.

Mr. CARPENTER of Nebraska. I believe I have the right to be affiliated with this side of the House; and even if I am against the bill, I should receive time from my own side.

Mr. DOUGHTON. That would give the other side more than half of the time in opposition to the bill.

Mr. CARPENTER of Nebraska. I think I am entitled to some time from my own side.

Mr. DOUGHTON. But that would give three fourths of the time, perhaps, to those opposed to the bill.

Mr. KNUTSON. May I say to the gentleman from Nebraska, in all fairness—and it should go into the Record—that on the basis of numbers, we have twice as much time as the Members on the other side, and that is the reason I yielded to the gentleman. I realize they are very short of time on the other side, and I may also add that we have refused to yield time to those on this side who are in favor of the bill.

Mr. CARPENTER of Nebraska. My time is to be devoted entirely to the relation of the sugar industry to the apparent effects this measure may have on those of us who grow continental cane and beet sugar; and, for one, I can now say to the leadership of this House, that we cannot, with any degree of safety, pass this tariff bill unless you do something definitely to take care of beet- and cane-sugar production in this country.

Mr. HOEPEL. Will the gentleman yield?

Mr. CARPENTER of Nebraska. Yes.

Mr. HOEPEL. Can we not rely upon the judgment of our President to protect those industries?

Mr. CARPENTER of Nebraska. I can to a certain extent rely on the President of the United States; but when he places the entire thing in the hands of Secretary Wallace, whose policies are dangerous to the beet industry in this country, I, for one, cannot trust him.

Mr. KNUTSON. Will the gentleman yield?

Mr. CARPENTER of Nebraska. Yes.

Mr. KNUTSON. Has the gentleman in mind the President's attitude toward the veterans?

Mr. CARPENTER of Nebraska. It happens that Secretary Wallace appeared before the public, and I want to quote from an article in the New York Journal of March 5, 1934:

Secretary Wallace's pet abhorrence appeared to be the various factions, including the sugar-beet growers, which he indicated have been twisting and pulling at the Federal Government not only since the present administration took charge but long before, to further their interests.

HITS SUGAR INTERESTS

At one point he directly attacked the western sugar interests, who argued that "they ought to have the right to produce all their own sugar and still get parity prices."

"Now, it happens", he said, "that any expansion above the past history in their production is directly at the expense of the efficient producers of agricultural and industrial products which are sent to Cuba, for instance. I pointed out to the sugar-beet growers—not sugar-beet growers, because they don't usually come to Washington, but to certain representatives there—that the total shipments of goods from this country to Cuba had declined from \$200,000,000 to \$25,000,000 and that any expansion above past history in the sugar-beet industry would be definitely at the expense of our efficient industries and our efficient agriculture. Less than 1 farmer in 100 is engaged in sugar beets. There are only about 30,000 workers altogether in the refineries of all kinds.

"That industry is a very small industry, and yet—I am describing this to indicate the tensify of a situation that can arise with a small industry—because of the fact that it has been used in the past to organize itself to strive for higher tariffs, because it has been one of those industries on the firing line, it has developed a type of political pressure that is quite unique. I will

say this: That at the present time it is impossible, politically impossible, to retire the sugar-beet industry from its present position. The most you could hope for is to keep it from further expansion.

"I don't think the internationally minded people realize the way in which the inefficient American industries have made themselves solid with Congress. They are specialists in that."

Now, in God's name, what is wrong with the American beet-sugar growers? Who have a better right to produce the sugar required for domestic consumption in this country than the growers of beet sugar? I for one believe that the American market belongs to the American farmer. [Applause.] I am not willing, for one, to put this thing in the hands of the Secretary of Agriculture.

Mr. SAMUEL B. HILL. Will the gentleman yield?

Mr. CARPENTER of Nebraska. I will.

Mr. SAMUEL B. HILL. Has the gentleman read the bill?

Mr. CARPENTER of Nebraska. I have.

Mr. SAMUEL B. HILL. It puts this power in the hands of the President of the United States and not in the hands of any Cabinet officer.

Mr. CARPENTER of Nebraska. That means putting it into the hands of the Secretary of Agriculture, who is willing to trade off the rights of the beet-sugar growers for the welfare of Cuba. He does that in the face of the fact that Professor Tugwell, in a hearing before the House Committee on Agriculture, said that we could produce in this country the entire amount of sugar consumed as cheaply as any foreign country could do it.

Mr. COOPER of Tennessee. Will the gentleman yield?

Mr. CARPENTER of Nebraska. I yield.

Mr. COOPER of Tennessee. Has the gentleman read the statement made by Secretary Wallace before the Ways and Means Committee included in the hearings on this bill?

Mr. CARPENTER of Nebraska. No; I have not read the hearings on this bill.

Mr. COOPER of Tennessee. I think it would be helpful if the gentleman would read them. That would give him a definite idea of how Secretary Wallace stands. He ought to do that instead of quoting what some newspaper says.

Mr. CARPENTER of Nebraska. I am taking Secretary of Agriculture Wallace at his own words. He testified before the House Committee on Agriculture. I know what his attitude is as to the domestic production of sugar. He never has been in favor of it; and if he has his way, he will destroy it.

Mr. JENKINS of Ohio. Will the gentleman yield?

Mr. CARPENTER of Nebraska. I yield.

Mr. JENKINS of Ohio. The testimony of Secretary Wallace before the Ways and Means Committee is exactly in line with what the gentleman from Nebraska has stated.

Mr. CARPENTER of Nebraska. I agree with the gentleman.

(The time of Mr. CARPENTER of Nebraska having expired, he was given 5 minutes more by Mr. DOUGHTON.)

Mr. CARPENTER of Nebraska. The condition of the sugar-beet industry is very serious. We have been trying to ascertain some definite policy of the administration toward this domestic product, but so far we have been unable to do so.

Mr. JENKINS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. CARPENTER of Nebraska. Yes.

Mr. JENKINS of Ohio. And there are dozens of other industries in this country in just exactly the same situation as the sugar-beet industry. They are fearful of what is going to happen to them if this bill becomes a law.

Mr. CARPENTER of Nebraska. In my district, for example, only the day before yesterday some people hanged Secretary Wallace in effigy. I am not in favor of hanging him in person, but I am in favor of doing something with him. I refuse to follow the leadership of the Secretary of Agriculture, who has, time after time, in public and in

private life, stated that the sugar industry in this country is an expensive industry, and ought to be destroyed. I cannot go along with him in the idea that our first duty and obligation is to the welfare of the people of Cuba and the Philippine Islands. I do not care what the moral obligation of our people to those people may be, my first obligation is to the people that I represent, the American farmer, and I for one am not going to yield to the jurisdiction of the Secretary of Agriculture unless it is enacted into law, so I will know exactly what the Secretary of Agriculture can do, rather than leaving it to his idea of what he should do; and until such time I do not believe this legislation can pass, until you have done something to take care of the sugar producers in this country.

Mr. MEAD. Mr. Chairman, will the gentleman yield?

Mr. CARPENTER of Nebraska. Yes.

Mr. MEAD. I am in general agreement with the gentleman's desire to protect the American farmer, so far as the domestic market is concerned, but there is one question that still troubles me and that is whether the quality of the beet sugar produced here compares favorably with the quality of the Cuban cane sugar?

Mr. CARPENTER of Nebraska. I do not think there is any difference in quality. We think in our country that it is better. Month after month we have been trying to get some sort of a definite idea from this administration on the matter of sugar, but we have been given completely the run-around month after month. It has come to the time now when my beet-sugar farmers have got to know what this administration is going to do for them, and I, for one, am not willing to support this tariff bill until this Democratic administration has passed some legislation that will insure my people fair treatment; and I say to every one of you men who come from beet- and cane-sugar areas that you better not support this tariff legislation until something has been done definitely for your sugar-growing people.

Mr. COLDEN. Mr. Chairman, will the gentleman yield?

Mr. CARPENTER of Nebraska. Yes.

Mr. COLDEN. Is the beet-farming business in the gentleman's State conducted by American labor or by imported cheap labor?

Mr. CARPENTER of Nebraska. About 85 percent of it is American labor, and probably more than that, because most of Mexican labor has been sent back to Mexico.

Mr. MCGUGIN. Mr. Chairman, will the gentleman yield?

Mr. CARPENTER of Nebraska. Yes.

Mr. MCGUGIN. Along the line of what the attitude of those in power is toward the beet-sugar industry, I call the attention of the gentleman to a speech made by the Speaker, Mr. RAINEY, when the tariff question was up before. He insulted the beet-sugar industry by referring to it as an industry for which Germany furnished the seed and Mexico the labor.

Mr. CARPENTER of Nebraska. If they are going to trade something off in this country, I am willing to have them trade something off that you men have, but they will not trade off the beet-sugar industry that I represent, except over my dead body.

Mr. MILLARD. Mr. Chairman, will the gentleman yield?

Mr. CARPENTER of Nebraska. Yes.

Mr. MILLARD. Does the gentleman have also in mind the fact that the Secretary of State is a free-trader?

Mr. CARPENTER of Nebraska. I happen to be one of those rare Democrats who believe in a high tariff. I believe this country is going to be self-contained some day.

The CHAIRMAN. The time of the gentleman from Nebraska has again expired.

Mr. CARPENTER of Nebraska. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD and to include some tables and telegrams.

The CHAIRMAN. Is there objection?

There was no objection.

The matter referred to follows:

SCOTTSLUFF, NEBR., March 22, 1934.

HON. TERRY CARPENTER,
Representative Offices:

No growers' contract has been offered by Great Western Sugar Co.
S. K. WARRICK, President.

Total beet-sugar production, by States, of all United States beet-sugar companies for the 1933-34 campaign and comparison with previous years

State	1933-34	1932-33	1931-32	1930-31	1929-30
	<i>Bags</i>	<i>Bags</i>	<i>Bags</i>	<i>Bags</i>	<i>Bags</i>
Colorado.....	7,965,508	5,525,768	7,391,034	8,130,163	6,954,794
California.....	5,418,712	4,258,988	3,327,172	2,484,716	1,792,944
Michigan.....	3,404,397	3,419,053	1,609,679	1,723,767	1,157,851
Utah.....	2,861,082	2,559,525	1,544,985	1,569,192	1,539,446
Idaho.....	2,614,685	2,169,939	920,373	1,315,129	1,572,817
Nebraska.....	2,590,742	2,257,265	2,520,043	2,723,034	2,793,901
Montana.....	2,471,366	2,156,453	1,844,359	1,492,908	1,078,674
Wyoming.....	2,083,985	1,692,999	1,699,526	1,888,835	1,318,808
Minnesota.....	945,172	839,224	759,565	632,997	496,259
Ohio.....	786,360	754,136	206,494	643,601	330,223
Iowa.....	501,911	476,056	459,039	660,115	540,650
Wisconsin.....	333,190	313,326	230,493	295,317	193,879
Kansas.....	278,231	222,284	163,774	113,923	121,118
South Dakota.....	272,016	253,669	209,716	264,146	312,220
Indiana.....	199,394			218,493	66,451
Washington.....	119,939	126,568	72,857	50,043	54,142
Total bags.....	32,826,690	27,025,283	22,959,079	24,156,379	20,324,187
Total long tons.....	1,465,477	1,206,486	1,024,959	1,078,409	907,330
Total short tons.....	1,756,228				

MEMORANDUM A

1. World sugar production and world sugar requirements: The world consumption of sugar is now about 24,000,000 tons a year. World production in recent years is shown in table 1 and table 1a, both issued by the United States Tariff Commission.

2. Break-down of production by countries: See table 1 and table 1a, attached.

3. Normal beet-sugar and cane-sugar production in the United States: See table 1.

4. Normal tonnage of beets and normal tonnage of cane:

	Beets	Cane ¹
	<i>Tons</i>	<i>Tons</i>
1933-34 ²	11,500,000	2,690,000
1932-33.....	9,070,000	2,586,000
1931-32.....	7,908,000	2,310,000
1930-31.....	9,199,000	2,599,000
Average.....	9,418,000	2,621,250

¹ Louisiana only.
² Estimated.

5. Break-down by States of beet and cane sugar production: Production of beet sugar by States is shown in table 2. Since Louisiana produces virtually all cane grown in the United States, the production for that State (see par. 4) is the dominant factor.

6. The number of acres grown to beets in each of the last 4 crop years follows:

1933-34.....	1,065,000
1932-33.....	764,000
1931-32.....	713,000
1930-31.....	775,000
Average.....	829,250

The Louisiana cane area averages about 150,000 acres.

7. Capital invested in beet-sugar industry and Louisiana cane-sugar industry, exclusive of lands: The investment in the beet-sugar industry is roughly \$250,000,000; in the southern cane-sugar industry, \$150,000,000.

8. Capital invested in producing lands by respective industries: Since the beet acreage of 1 year produces wheat or corn the next, it is difficult to calculate exactly how large a sum is invested in beet land. Yet if the 1,200,000 acres devoted to beets and Louisiana cane in 1933 were valued at \$100 an acre, the total investment would reach \$120,000,000.

9. Approximate number of investors and stockholders in each industry: This it is impossible to answer definitely. Some of the larger companies, however, have 8,000 or 10,000 stockholders.

10. Number of beet growers and number employed in beet growing: Latest reports from Dr. John Lee Coulter show slightly more than 72,000 farmers, plus 159,000 farm hands employed in growing the crop.

11. Approximate period of employment: Each acre of beets requires about 5 days of work in thinning, hoeing, and harvesting, which gives a man tending 10 acres about 2 months of work.

12. Employees engaged in refining beet and cane sugar grown in the United States: The beet-sugar industry in 1933 employed

about 33,000 at factories, offices, beet dumps, etc. The southern cane-sugar mills employ about 5,000.

13. Approximate term of employment: The processing of beets requires from 100 to 135 days, working 24 hours a day. In the period between manufacturing campaigns the staff of employees, of course, is greatly reduced. In the southern raw-sugar mills the period of employment is about 75 days.

14. Number of beet-sugar plants and cane-sugar plants now installed, and number operating: There are 103 beet-sugar mills, 85 of them operating in 1933. Louisiana has 132 raw-sugar mills, 63 in operation.

15. Collateral break-down of industries identified with sugar industry: The estimated expenditures of beet-sugar manufacturers of the United States during the campaign 1933-34, was as follows:

Total paid farmers for beets.....	\$55,000,000
Total paid for fuel.....	2,122,000
Total paid for lime-rock.....	932,000
Total paid for bags.....	3,896,000
Total paid for other supplies.....	4,992,000
Total paid for new installations (material only).....	526,000
Total paid for wages in and about factories.....	11,121,000
Total paid for office help, field and factory superintendence, managers, and officers.....	4,538,000
Total paid for freight in and out on beets, supplies, sugars, molasses, and pulp.....	31,410,000
Total paid for taxes, brokerage, insurance, and all other items.....	7,893,000

Total expenditures..... 122,480,000

The estimated consumption of certain commodities by beet-sugar manufacturers of the United States, 1933-34, follows:

Coal.....	tons.....	1,620,000
Limestone.....	do.....	648,000
Coke.....	do.....	59,400
Cotton cloth for sugar bags.....	square yards.....	54,840,000
Cotton duck for filters.....	do.....	909,000

16. To what extent is child labor used in the beet-sugar industry in this country? Child labor has never been used in the processing of sugar beets, and the supposed prevalence of child labor in the beet fields is always vastly exaggerated. At present plans are being made to abolish entirely the use of children in the field.

17. What is the average annual amount paid to farmers for beets? The yearly payments have been as low as \$40,000,000 and as high as \$100,000,000, depending on the price of sugar.

18. If beet growing were discontinued, to what other use could lands profitably be put? Under present conditions, it is doubtful if these lands could be put to any profitable use. Planted to cereal crops, the land would serve only to destroy the present system of rotation and add millions of bushels to the oversupply of those crops which we now produce in surplus quantities.

19. Economic importance of the beet-sugar industry to Western States: For farmers in the arid sections of the Mountain States the sugar beet is not only a desirable crop but a necessary one. Its importance is indicated by the fact that three fourths of all American beet sugar is produced on irrigated land west of the Mississippi, and the yields there consistently average 50 percent greater than in dry-farming districts. The adaptability of the beet to western agriculture is exceeded only by its usefulness. The reasons can be summarized briefly:

First, the beet contract assures to the farmer an immediate market and a responsible purchaser at a price which, in ordinary circumstances, is known months in advance. This advantage prevails in few crops anywhere, and in none that can be grown successfully in irrigated districts.

Second, because the income from beets can be so readily calculated, the growing crop has a definite loan value. The beet farmer finds it relatively easy to finance his other operations through local banks.

Third, the stability of market and price give the grower an anchor to windward in planning other crops. He can afford "gambling" crops.

Fourth, the beet is hardy. Better than any other crop, it can withstand the hailstorms to which Western States are subjected.

Fifth, the beet requires an extended growing season. The peak loads of planting, thinning, and harvesting are so distributed that they interfere with no other crop.

Sixth, the beet provides the most hours of productive labor—six times as much, for instance, as corn. In a period of acute unemployment this consideration takes on more than ordinary significance.

To these points must be added the most striking advantage of all—that sugar is a concentrated commodity, its value comparatively high in relation to its bulk. Since farmers far removed from primary markets are always confronted by adverse freight rates, this factor is one of utmost significance.

Distance from the general centers of population imposes still another limitation on these farmers. Their products, to a large extent, must be stable and nonperishable. If wheat and corn cannot be grown profitably the western farmer cannot turn to a truck crop. In this situation, obviously, the importance of the beet is magnified.

TABLE I.—Sugar: Summary statistics of world sugar production, crop years from 1906-7 to 1932-33, inclusive (includes estimates revised to July 1933)
[Short tons]

Crop year	Cane-sugar production								
	Continental United States	United States insular areas					Total cane, continental United States and insular	Cuba	Continental United States, insular, and Cuba
		Hawaii	Virgin Islands	Puerto Rico	Philippines	Total, insular			
1932-33 (preliminary)	253,759	1,008,000	845,600	840,000	1,283,370	3,136,970	3,395,729	12,234,488	5,630,217
1931-32	180,239	1,025,352	4,577	992,430	1,100,709	3,123,068	3,303,307	12,915,208	6,218,515
1930-31	210,094	996,289	2,016	787,795	876,201	2,662,300	2,872,394	3,496,848	6,369,242
1929-30	199,010	924,998	6,424	866,107	866,515	2,664,044	2,863,654	5,231,811	8,095,465
1928-29	132,054	945,797	4,252	593,730	829,905	2,373,634	2,505,733	5,775,073	8,230,811
1927-28	70,792	904,042	11,829	751,331	697,428	2,364,630	2,435,422	4,493,123	6,928,545
1926-27	47,165	811,331	7,926	630,201	654,347	2,103,805	2,150,970	5,045,282	7,196,252
5-year average	131,943	916,492	6,489	725,833	784,879	2,433,693	2,565,636	4,808,428	7,374,063
1925-26	130,381	789,992	6,344	606,463	489,109	1,891,903	2,031,289	5,470,817	7,502,106
1924-25	88,482	775,940	8,064	660,531	660,792	2,095,327	2,183,809	5,741,087	7,924,896
1923-24	162,024	701,432	2,612	447,972	417,012	1,569,028	1,731,052	4,554,639	6,285,691
1922-23	295,095	536,999	1,948	379,071	295,049	1,213,067	1,508,162	4,035,259	5,543,421
1921-22	324,429	562,458	5,600	405,935	378,739	1,352,732	1,677,161	4,475,953	6,153,114
5-year average	201,882	673,364	4,914	499,995	446,140	1,624,413	1,826,295	4,855,551	6,681,846
1920-21	169,116	564,562	5,040	491,113	286,544	1,347,259	1,516,375	4,408,365	5,924,749
1919-20	120,999	599,485	13,888	485,884	234,457	1,303,714	1,424,713	4,177,686	5,602,399
1918-19	285,528	601,710	10,080	406,132	218,724	1,236,646	1,522,174	4,448,389	5,970,563
1917-18	244,719	573,858	6,048	463,633	242,211	1,285,750	1,530,469	3,850,613	5,390,082
1916-17	310,900	649,785	8,721	502,395	226,974	1,387,875	1,698,775	3,386,566	5,085,341
5-year average	226,252	591,880	8,756	469,831	241,782	1,312,249	1,538,501	4,056,124	5,594,625
1915-16	138,620	593,483	16,520	483,095	372,017	1,465,115	1,603,735	4,145,025	5,748,760
1914-15	246,514	646,448	5,040	345,159	232,601	1,229,248	1,475,782	2,903,787	4,379,549
1913-14	300,537	617,036	6,496	364,024	260,692	1,248,248	1,548,785	2,909,460	4,458,245
1912-13	162,574	546,799	7,503	398,002	173,825	1,126,129	1,288,702	2,719,961	4,008,664
1911-12	360,874	595,258	7,923	411,202	213,586	1,227,969	1,538,843	2,123,502	3,712,345
5-year average	241,823	599,805	8,697	400,296	250,544	1,259,342	1,501,165	2,960,347	4,461,512
1910-11	355,040	566,828	16,800	330,400	228,238	1,142,266	1,497,306	1,661,465	3,158,771
1909-10	375,200	518,126	16,800	344,960	130,018	1,009,934	1,335,134	2,020,871	3,403,005
1908-9	414,400	535,155	15,680	283,222	137,993	972,050	1,386,450	1,695,212	3,081,692
1907-8	394,240	521,123	14,560	224,000	151,619	911,302	1,305,532	1,077,393	2,382,935
1906-7	272,160	440,016	14,560	235,200	136,614	826,390	1,098,550	1,593,994	2,607,514
5-year average	362,208	516,250	15,680	283,556	156,902	972,338	1,334,596	1,610,787	2,945,383

Crop year	Cane-sugar production				Beet-sugar production				Total cane and beet sugar, all countries
	Java	British India	All other countries (cane)	Total cane, all countries	United States ¹	Canada	Europe	Total, beet sugar	
1932-33 (preliminary)	1,490,707	5,209,120	6,050,128	18,380,172	1,351,455	64,152	7,294,743	8,710,350	27,090,522
1931-32	1,877,717	4,446,400	6,361,941	19,904,573	1,148,243	54,044	8,328,590	9,530,877	29,435,450
1930-31	3,134,734	3,604,160	6,100,416	19,208,552	1,204,771	45,867	11,435,093	12,685,706	31,894,258
1929-30	3,273,771	3,092,320	5,884,977	20,346,534	1,009,919	31,213	9,214,461	10,255,593	30,602,126
1928-29	3,212,264	3,063,200	5,683,610	20,299,885	1,051,277	32,320	9,485,830	10,569,427	30,839,312
1927-28	3,291,864	3,601,920	5,280,461	19,102,790	1,081,070	30,477	8,995,700	10,107,246	29,210,036
1926-27	2,643,283	3,945,600	4,896,770	18,381,910	897,395	35,193	7,696,519	8,629,107	27,011,017
5-year average	3,117,184	3,401,440	5,563,247	19,461,934	1,048,886	35,014	9,365,516	10,449,416	29,911,350
1925-26	2,230,357	3,334,240	4,894,104	17,960,807	900,972	36,372	8,347,688	9,285,032	27,245,839
1924-25	2,552,368	2,853,760	4,471,782	17,802,776	1,091,087	40,544	7,933,036	9,064,667	26,867,443
1923-24	2,214,789	3,715,040	3,957,562	16,173,082	881,683	13,480	5,664,692	6,564,855	22,737,937
1922-23	1,984,384	3,400,280	3,826,441	14,763,526	689,848	13,888	5,123,244	5,826,980	20,590,506
1921-22	1,956,500	2,836,400	3,398,031	14,344,045	1,020,533	21,203	4,490,805	5,532,541	19,576,538
5-year average	2,187,679	3,229,744	4,109,579	16,208,848	916,824	26,097	6,311,893	7,254,814	23,463,662
1920-21	1,847,563	2,807,078	2,955,452	13,534,833	1,085,749	38,752	4,149,532	5,274,033	18,808,896
1919-20	1,689,805	3,415,056	3,180,370	13,888,131	731,312	18,480	2,916,862	3,666,654	17,554,785
1918-19	1,496,055	2,654,400	2,768,350	12,889,368	755,879	24,976	3,668,108	4,348,963	17,238,331
1917-18	1,959,337	3,708,320	2,808,821	13,866,560	764,811	12,600	4,832,920	5,610,331	19,476,891
1916-17	1,991,746	3,055,360	2,769,408	12,901,855	822,726	14,000	5,628,882	6,465,608	19,367,463
5-year average	1,796,901	3,128,043	2,896,580	13,416,149	832,096	21,762	4,219,261	5,073,118	18,489,267
1915-16	1,787,715	2,953,300	1,858,276	12,348,051	873,327	19,758	6,109,267	7,002,352	19,350,403
1914-15	1,342,395	2,755,842	2,804,685	11,282,471	723,808	15,656	8,564,127	9,303,591	20,586,092
1913-14	1,459,411	2,566,480	2,527,888	11,012,024	733,934	13,076	8,924,125	9,671,135	20,683,159
1912-13	1,425,107	2,893,632	2,011,115	10,338,518	698,952	13,385	9,276,538	9,988,875	20,327,393
1911-12	1,490,922	2,745,232	2,256,168	10,240,667	606,033	10,665	7,099,274	7,715,972	17,920,639
5-year average	1,501,110	2,782,898	2,291,626	11,037,146	727,210	14,509	7,994,686	8,736,385	19,773,531
1910-11	1,562,400	2,493,568	2,404,210	9,618,949	509,846	-----	9,077,741	9,587,587	19,206,536
1909-10	1,376,592	2,382,352	2,196,578	9,361,527	504,666	-----	6,873,340	7,378,006	16,739,533
1908-9	1,344,692	2,097,648	1,979,455	8,503,457	420,091	-----	7,329,129	7,750,220	16,262,677
1907-8	1,390,911	2,292,528	1,777,066	7,843,440	493,024	-----	7,349,747	7,842,771	15,636,211
1906-7	1,295,254	2,469,936	1,908,424	8,371,158	484,971	-----	7,516,105	8,001,076	16,372,231
5-year average	1,393,970	2,347,206	2,053,147	8,739,706	484,520	-----	7,629,213	8,113,733	16,853,439

¹ Under international agreement.

² Beet-sugar crop of United States is shown on refined sugar basis.

Basic figures from Weekly Statistical Sugar Trade Journal. Revised to issue of July 13, 1933 (p. 237).

TABLE 1A.—Sugar: Detailed statistics by countries of the sugar crops of the world, in recent years (revised to July 1933)

	Harvesting period	1932-33	1931-32	1930-31
CANE SUGAR				
United States:		<i>Short tons</i>	<i>Short tons</i>	<i>Short tons</i>
Louisiana.....	October to January.....	222,759	156,614	183,694
Florida.....	December to April.....	36,000	23,625	26,400
Puerto Rico.....	January to June.....	840,000	992,430	787,795
Hawaiian Islands.....	November to June.....	1,008,000	1,025,352	996,289
Virgin Islands, United States.....	January to June.....	5,600	4,577	2,016
Cuba.....	December to June.....	1,234,488	2,915,208	3,496,848
British West Indies:				
Trinidad.....	January to June.....	112,000	109,272	110,402
Barbadoes.....	do.....	62,720	65,527	56,175
Jamaica.....	do.....	29,120	21,538	5,826
Antigua.....	February to July.....	22,400	22,365	16,769
St. Kitts.....	February to August.....	8,960	6,910	8,235
French West Indies:				
Martinique.....	January to July.....	40,320	46,883	42,029
Guadeloupe.....	do.....	33,600	39,199	27,328
San Domingo.....	January to June.....	470,400	478,936	408,238
Haiti.....	December to June.....	24,640	23,461	21,068
Mexico.....	do.....	198,240	260,131	291,898
Central America:				
Guatemala.....	January to June.....	44,800	44,800	44,623
Other Central America.....	do.....	100,800	80,640	104,970
South America: Demerara.....	October, December, and May to June.....	151,200	166,325	141,280
Surinam.....	October to January.....	19,040	15,680	18,480
Venezuela.....	October to June.....	22,400	20,160	21,969
Ecuador.....	June to January.....	22,400	26,244	23,210
Peru.....	January to December.....	448,000	443,402	543,286
Argentina.....	June to November.....	390,018	388,046	427,607
Brazil.....	October to September.....	1,064,000	1,092,000	1,032,785
Total in America.....		7,723,905	8,562,099	8,903,940
British India.....	December to May.....	5,209,120	4,446,400	3,604,160
Java.....	May to November.....	1,490,707	1,877,717	1,134,734
Formosa and Japan.....	November to June.....	924,000	1,285,256	1,040,201
Philippine Islands.....	do.....	1,283,370	1,100,709	876,201
Total in Asia.....		8,907,197	9,710,882	8,655,296
Australia.....	June to November.....	596,532	677,837	603,278
Fiji Islands.....	do.....	143,172	89,292	104,000
Total in Australia and Polynesia.....		739,704	767,129	707,278
Egypt.....	January to June.....	140,000	161,685	134,269
Mauritius.....	August to January.....	273,280	182,795	247,475
Reunion.....	do.....	60,829	48,072	56,465
Natal.....	May to January.....	401,977	364,784	393,009
Mozambique.....	May to October.....	106,400	79,098	85,421
Total in Africa.....		982,489	826,434	916,629
Europe—Spain.....	December to June.....	26,880	28,829	25,409
Total cane-sugar crops.....		18,380,172	19,904,573	19,208,552
BET SUGAR				
Europe:				
Germany.....	September to January.....	1,232,000	1,755,087	2,832,022
Czechoslovakia.....	do.....	705,600	898,152	1,260,773
Austria.....	do.....	184,800	182,076	168,301
Hungary.....	do.....	117,600	140,281	262,272
France.....	do.....	1,120,000	975,079	1,348,098
Belgium.....	do.....	291,200	228,306	317,222
Holland.....	do.....	274,400	195,541	335,466
Russia and Ukraine.....	do.....	1,120,000	1,693,440	1,876,784
Poland.....	do.....	472,796	559,188	886,985
Sweden.....	September to December.....	263,593	100,844	208,919
Denmark.....	September to January.....	212,800	136,640	187,936
Italy.....	August to October.....	364,000	412,621	470,673
Spain.....	July to February.....	253,120	449,331	380,616
Switzerland.....	September to January.....	6,720	6,832	6,389
Bulgaria.....	do.....	32,828	32,298	65,112
Rumania.....	do.....	72,800	64,369	170,274
Great Britain and Ireland.....	do.....	376,726	271,969	451,472
Yugoslavia.....	do.....	95,206	100,903	110,083
Other countries.....	do.....	98,560	76,253	65,671
Total in Europe.....		7,294,743	8,328,590	11,435,098
CANE SUGAR				
United States: Beet.....	July to January.....	1,351,455	1,148,243	1,204,771
Canada: Beet.....	October to December.....	64,152	54,044	45,807
Total beet-sugar crops.....		8,710,350	9,530,877	12,685,706
Total cane and beet sugar.....		27,090,522	29,435,450	31,894,258
Estimated decrease in the world's production.....		2,344,928	2,458,808	1,292,132

¹ Crop restricted under international agreement.

² Refined sugar.

³ European beet-crop figures estimated principally by F. O. Licht.

⁴ Increase.

NOTE.—Basic data from Willett & Gray's Weekly Statistical Sugar Trade Journal, issue of July 13, 1933, p. 287.

TABLE 2.—Sugar beets and beet sugar: Total United States production 1901-32 and production by States, 1928-32

Yearly average or year and State	Beets produced for sugar				Sugar manufacture		
	Acres harvested	Crop ¹ (1,000 tons)	Tons per acre	Price per ton (dollars)	Number of factories	Beets used (1,000 tons)	Sugar made (1,000 tons)
United States:							
1901-05.....	227,841	2,079	9.22	4.89	45	2,079	240
1906-10.....	386,052	3,910	10.13	5.18	63	3,910	479
1911-15.....	541,000	5,738	10.60	5.63	67	5,477	724
1916-20.....	698,000	6,623	9.50	9.38	88	6,200	832
1921-25.....	693,000	6,968	10.14	7.53	88	6,606	916
1926-30.....	701,000	7,718	11.00	7.32	80	7,402	1,055
1922.....	530,000	5,183	9.77	7.91	81	4,993	675
1923.....	657,000	7,006	10.65	8.99	89	6,585	881
1924.....	815,000	7,489	9.20	7.99	90	7,075	1,090
1925.....	647,000	7,381	11.40	6.39	88	6,993	913
1926.....	677,000	7,223	10.67	7.61	78	6,782	897
1927.....	721,000	7,753	10.75	7.67	83	7,443	1,063
1928.....	644,000	7,101	11.00	7.11	82	6,880	1,061
1929.....	688,000	7,315	10.60	7.08	79	7,117	1,018
1930.....	775,000	9,199	11.9	7.14	78	8,789	1,208
1931.....	713,000	7,903	11.1	5.94	66	7,659	1,156
1932.....	764,000	9,070	11.9	5.10	75	8,856	1,357
California:							
1928.....	49,000	638	13.0	8.03	5	630	103
1929.....	46,000	545	11.8	7.28	5	524	91
1930.....	65,000	768	11.8	7.46	5	733	124
1931.....	89,000	1,060	11.9	7.40	6	1,045	166
1932.....	104,000	1,288	12.4		6	1,282	213
Colorado:							
1928.....	179,000	2,394	13.4	6.97	17	2,410	384
1929.....	210,000	2,612	12.4	6.93	17	2,565	348
1930.....	242,000	3,312	13.7	6.91	17	3,126	407
1931.....	224,000	2,532	11.3	5.44	17	2,423	370
1932.....	156,000	1,777	11.4		17	1,781	277
Idaho:							
1928.....	27,000	297	11.0	7.44	6	317	53
1929.....	48,000	492	10.2	7.17	8	492	79
1930.....	44,000	446	10.1	7.41	7	427	66
1931.....	33,000	301	9.1	6.08	5	287	46
1932.....	53,000	709	13.4		7	661	108
Michigan:							
1928.....	71,000	452	6.4	7.22	12	458	64
1929.....	52,000	300	5.8	7.94	9	364	57
1930.....	74,000	513	6.9	8.08	10	567	86
1931.....	58,000	581	10.0	6.33	6	600	83
1932.....	122,000	1,215	10.0		11	1,216	171
Montana:							
1928.....	28,000	258	9.2	7.36	4	275	44
1929.....	38,000	386	10.2	7.29	4	348	54
1930.....	45,000	572	12.7	7.32	4	522	75
1931.....	54,000	617	11.4	6.01	4	600	92
1932.....	54,000	739	13.7		4	701	108
Nebraska:							
1928.....	86,000	1,021	11.9	6.98	7	975	146
1929.....	92,000	1,054	11.5	6.96	7	1,068	140
1930.....	81,000	1,136	14.0	6.95	7	1,095	136
1931.....	65,000	891	13.7	5.46	7	872	126
1932.....	66,000	877	13.3		7	815	113
Ohio:							
1928.....	38,000	266	7.0	7.13	5	238	31
1929.....	20,000	174	8.7	7.55	4	121	17
1930.....	31,000	286	9.2	7.75	4	223	33
1931.....							
1932.....	26,000	259	10.0		3	251	42
Utah:							
1928.....	51,000	637	12.5	7.03	11	568	90
1929.....	45,000	565	12.6	7.05	10	523	77
1930.....	44,000	553	12.6	7.00	8	517	78
1931.....	49,000	505	10.3	5.82	7	491	77
1932.....	56,000	846	15.1		7	822	128
Wisconsin:							
1928.....	8,000	74	9.2	7.35	3	86	12
1929.....	8,000	56	7.0	7.29	3	65	10
1930.....	12,000	102	8.5	7.53	3	115	15
1931.....							
1932.....							
Wyoming:							
1928.....	44,000	462	10.5	7.21	4	368	59
1929.....	47,000	487	10.4	7.18	4	441	66
1930.....	46,000	646	14.0	7.19	5	657	94
1931.....	49,000	552	11.3	5.71	5	532	85
1932.....	40,000	506	12.6		5	537	85

¹ Source: Statistical Abstract of the United States, 1932.

² Beets used 1901 to 1912.

³ Data for 1931 cannot be shown without disclosing operations of individual factories, 4-year average.

World sugar production and world sugar requirements:

The world consumption of sugar is now about 24,000,000 tons a year. World production in recent years is shown in table 1 and table 1a, both issued by the United States Tariff Commission.

Breakdown of production by countries: See table 1 and table 1a attached.

Normal beet-sugar and cane-sugar production in the United States: See table 1.

Normal tonnage of beets and normal tonnage of cane

	Beets	Cane ¹
	Tons	Tons
1933-34 ²	11,500,000	2,690,000
1932-33	9,070,000	2,885,000
1931-32	7,903,000	2,310,000
1930-31	9,190,000	2,593,000
Average	9,418,000	2,621,250

¹ Louisiana only.² Estimated.

Break-down by States of beet- and cane-sugar production:

Production of beet sugar by States is shown in table II. Since Louisiana produces virtually all cane grown in the United States, the production for that State (see par. 4) is the dominant factor.

The number of acres grown to beets in each of the last 4 crop years follows:

	Tons cane
1933-34	1,065,000
1932-33	764,000
1931-32	713,000
1930-31	775,000
Average	829,250

The Louisiana cane area averages about 150,000 acres.

Capital invested in beet-sugar industry and Louisiana cane-sugar industry, exclusive of lands:

The investment in the beet-sugar industry is roughly \$250,000,000, in the southern cane-sugar industry \$150,000,000.

Capital invested in producing lands by respective industries:

Since the beet acreage of 1 year produces wheat or corn the next, it is difficult to calculate exactly how large a sum is invested in beet land. Yet if the 1,200,000 acres devoted to beets in Louisiana cane in 1933 were valued at \$100 an acre, the total investment would reach \$120,000,000.

Approximate number of investors and stockholders in each industry:

This it is impossible to answer definitely. Some of the larger companies, however, have 8,000 or 10,000 stockholders.

Number of beet growers and number employed in beet growing:

Latest reports from Dr. John Lee Coulter show slightly more than 72,000 farmers, plus 159,000 farm hands employed in growing the crop.

Approximate period of employment:

Each acre of beets requires about 5 days of work in thinning, hoeing, and harvesting, which gives a man tending 10 acres about 2 months of work.

Employees engaged in refining beet and cane sugar grown in the United States:

The beet-sugar industry in 1933 employed about 33,000 at factories, offices, beet dumps, etc. The southern cane-sugar mills employ about 5,000.

Approximate term of employment:

The processing of beets requires from 100 to 135 days, working 24 hours a day. In the period between manufacturing campaigns the staff of employees, of course, is greatly reduced. In the southern raw-sugar mills the period of employment is about 75 days.

Number of beet-sugar plants and cane-sugar plants now installed, and number operating:

There are 103 beet-sugar mills, 85 of them operating in 1933. Louisiana has 132 raw-sugar mills, 63 in operation.

Collateral breakdown of industries identified with sugar industry:

Estimated expenditures of beet-sugar manufacturers of the United States during the campaign 1933-34, were as follows:

Total paid farmers for beets	\$55,000,000
Total paid for fuel	2,122,000
Total paid for limrock	982,000
Total paid for bags	3,896,000
Total paid for other supplies	4,992,000
Total paid for new installations (material only)	526,000
Total paid for wages in and about factories	11,121,000
Total paid for office help, field and factory superintendence, managers, and officers	4,538,000
Total paid for freight in and out on beets, supplies, sugars, molasses, and pulp	31,410,000
Total paid for taxes, brokerage, insurance, and all other items	7,893,000

Total expenditures 122,480,000

The estimated consumption of certain commodities by beet-sugar manufacturers of the United States, 1933-34, follow:

One million six hundred and twenty thousand tons of coal; 648,000 tons of limestone; 59,400 tons of coke; 54,840,000 square yards of cotton cloth for sugar bags; 909,000 square yards of cotton duck for filters.

To what extent is child labor used in the beet-sugar industry in this country?

Child labor has never been used in the processing of sugar beets, and the supposed prevalence of child labor in the beet fields is always vastly exaggerated. At present plans are being made to abolish entirely the use of children in the field.

What is the average annual amount paid to farmers for beets?

The yearly payments have been as low as \$40,000,000 and as high as \$100,000,000, depending on the price of sugar.

If beet growing were discontinued, to what other use could lands profitably be put?

Under present conditions it is doubtful if these lands could be put to any profitable use. Planted to cereal crops, the land would serve only to destroy the present system of rotation and add millions of bushels to the oversupply of those crops which we now produce in surplus quantities.

Economic importance of the beet-sugar industry to Western States:

For farmers in the arid sections of the Mountain States the sugar beet is not only a desirable crop but a necessary one. Its importance is indicated by the fact that three fourths of all American beet sugar is produced on irrigated land west of the Mississippi, and the yields there consistently average 50 percent greater than in dry-farming districts. The adaptability of the beet to western agriculture is exceeded only by its usefulness. The reasons can be summarized briefly:

First, the beet contract assures to the farmer an immediate market, and a responsible purchaser at a price which in ordinary circumstances is known months in advance. This advantage prevails in few crops anywhere, and in none that can be grown successfully in irrigated districts.

Second, because the income from beets can be so readily calculated the growing crop has a definite loan value. The beet farmer finds it relatively easy to finance his other operations through local banks.

Third, the stability of market and price give the grower an anchor to windward in planning other crops. He can afford "gambling" crops.

Fourth, the beet is hardy. Better than any other crop it can withstand the hailstorms to which Western States are subjected.

Fifth, the beet requires an extended growing season. The peak loads of planting, thinning, and harvesting are so distributed that they interfere with no other crop.

Sixth, the beet provides the most hours of productive labor—six times as much, for instance, as corn. In a period of acute unemployment this consideration takes on more than ordinary significance.

To these points must be added the most striking advantage of all—that sugar is a concentrated commodity, its value comparatively high in relation to its bulk. Since farmers far removed from primary markets are always confronted by adverse freight rates, this factor is one of utmost significance.

Distance from the general centers of population imposes still another limitation on these farmers. Their products, to a large extent, must be stable and nonperishable. If wheat and corn cannot be grown profitably, the western farmer cannot turn to a truck crop. In this situation, obviously, the importance of the beet is magnified.

Table 1 above referred to is a summary of world sugar production, crops years from 1906-7 to 1932-33, inclusive, including estimates revised to July 1933, covering cane-sugar production in continental United States, United States insular areas, Cuba, Java, British India, and all other countries; and beet-sugar production in the United States, Canada, and Europe.

Table 1A represents detailed statistics by countries of the sugar crops of the world revised to July 1933.

Table 2, sugar beets and beet sugar, total United States production, 1901 to 1932, and production by States, 1928 to 1932.

(These tables are submitted for the printed record.)

If the United States is under obligation to assist Cuba in its time of distress, it is a national obligation to be borne equally by all of the people of the United States and not by one particular area or one special group.

Continental and insular sugar growers are not responsible for disorder in Cuba, for its financial difficulties, or for the reckless expenditure of American millions in the overproduction of sugar. While American citizens are undoubtedly sympathetic with the difficulties now confronting Cuba, we respectfully submit that if their responsibility is a United States responsibility it does not belong exclusively to the sugar-producing areas of the United States, much less especially to the United States sugar-beet farmers. Cuba is a foreign nation, with its own flag and its own government. The limitation on American relationship is the Platt amendment, which was enacted more for the benefit of Cuba than for the advantage of the United States. With this exception, America has no more responsibility to Cuba than to any other foreign nation.

At this point in my statement I desire to insert the following table:

TABLE B.—Sugar: Estimate of quantity of raw cane sugar (or its equivalent) from each principal crop source used in supplying domestic consumption in the United States during years 1929 to 1933, inclusive, with averages

APPROXIMATE QUANTITY USED BY ALL MANUFACTURERS MARKETING SUGAR FOR DOMESTIC (UNITED STATES) CONSUMPTION AND/OR USE
[In short tons, round figures]

Period	Total, all crop sources (does not include sugar exported as such) ¹	Crop sources of sugar used in making deliveries for domestic consumption and/or use											Exports ² (not included elsewhere)
		Grown in continental United States			Grown in United States insular areas					Grown in foreign countries			
		Beet	Cane	Beet and cane combined	Puerto Rico	Hawaii	Philippine Islands	Virgin Islands	Total	Cuba	All other foreign countries	Total	
Calendar years:													
1933.....	6,316,000	1,366,000	315,000	1,681,000	791,000	989,500	1,241,000	4,500	3,026,000	1,601,000	8,000	1,609,000	54,000
1932.....	6,248,500	1,318,500	160,000	1,478,500	910,500	1,024,000	1,042,000	4,500	2,981,000	1,762,500	26,500	1,789,000	52,500
1931.....	6,561,500	1,343,000	206,000	1,549,000	748,500	967,000	815,000	2,000	2,532,500	2,440,000	40,000	2,480,000	56,500
1930.....	6,710,500	1,140,500	197,500	1,338,000	780,000	806,000	804,500	6,000	2,396,500	2,945,500	30,500	2,976,000	83,500
1929.....	6,964,000	1,026,500	189,000	1,215,500	460,000	928,500	724,500	4,000	2,117,000	3,613,000	17,500	3,630,500	110,000
Yearly averages:													
1931-33.....	6,375,500	1,342,500	227,000	1,569,500	817,000	993,500	1,032,500	3,500	2,846,500	1,934,500	25,000	1,959,500	54,500
1929-33.....	6,560,000	1,259,000	213,500	1,452,500	738,000	943,000	925,500	4,000	2,610,500	2,472,500	24,500	2,497,000	71,500

APPROXIMATE QUANTITY USED BY CANE-SUGAR REFINERS AND BEET-SUGAR FACTORIES IN CONTINENTAL UNITED STATES

Calendar years:													
1933.....	5,386,000	1,366,000	166,500	1,532,500	657,000	965,000	1,161,500	4,500	2,788,000	1,065,500	-----	1,065,500	(?)
1932.....	5,448,000	1,318,500	107,500	1,426,000	791,500	998,000	980,500	4,500	2,774,500	1,235,500	12,000	1,247,500	(?)
1931.....	5,935,000	1,343,000	150,000	1,493,000	666,000	956,000	765,000	2,000	2,389,000	2,019,000	34,000	2,053,000	(?)
1930.....	6,173,000	1,140,500	128,000	1,268,500	702,000	787,500	775,500	6,000	2,271,000	2,624,500	9,000	2,633,500	(?)
1929.....	6,382,500	1,026,500	158,500	1,185,000	414,000	918,000	710,000	4,000	2,046,000	3,149,500	1,500	3,151,000	(?)
Yearly averages:													
1931-33.....	5,589,500	1,342,500	141,500	1,484,000	705,000	973,000	968,500	3,500	2,650,000	1,440,000	15,500	1,455,500	(?)
1929-33.....	5,865,000	1,239,000	142,000	1,381,000	646,000	925,000	878,500	4,000	2,453,500	2,019,000	11,500	2,030,500	(?)

APPROXIMATE QUANTITY USED BY DOMESTIC, INSULAR, AND FOREIGN MANUFACTURERS OF WHITE SUGAR AND OTHER SUGAR MARKETING FOR DIRECT CONSUMPTION ⁴

Period	Total, all crop sources (does not include sugar ex- ported as such) ¹	Crop sources of sugar used in making deliveries for domestic consumption and/or use										Ex- ports ² (not in- cluded else- where)	
		Grown in continental United States			Grown in United States insular areas					Grown in foreign countries			
		Beet	Cane	Beet and cane com- bined	Puerto Rico	Hawaii	Philippine Islands	Virgin Islands	Total	Cuba	All other foreign coun- tries		Total
Calendar years:													
1933.....	950,000		³ 148,500		134,000	24,500	79,500		238,000	⁴ 535,500	8,000	543,500	
1932.....	800,500		³ 52,500		119,000	26,000	61,500		206,500	⁴ 527,000	14,500	541,500	
1931.....	626,500		³ 56,000		82,500	11,000	50,000		143,500	⁴ 421,000	6,000	427,000	
1930.....	537,500		³ 69,500		78,000	18,500	29,000		125,500	⁴ 321,000	21,500	342,500	
1929.....	580,500		³ 30,500		56,000	10,500	14,500		71,000	⁴ 463,000	16,500	479,500	
Yearly averages:													
1931-33.....	786,000		³ 85,500		112,000	20,500	64,000		196,500	⁴ 494,500	9,500	504,000	
1929-33.....	695,000		³ 71,500		92,000	18,000	47,000		157,000	⁴ 453,500	13,000	466,500	

¹ It should be noted that the quantities reported in this column represent the weight of raw cane sugar (or its equivalent in the case of beet sugar). It is not the weight of the sugar as marketed for actual consumption and/or use.² Detailed crop sources of sugar exported are not available, probably all (or nearly all) were made from foreign-grown crops.³ Includes 1,000 tons from miscellaneous sources not shown elsewhere in the table.⁴ All sugars in this part of the table were processed in the respective areas where the several crops were grown. These figures include some raw cane sugar marketed for direct consumption.⁵ Louisiana plantation refined sugar marketed direct to the trade.⁶ Includes Cuban raw sugars marketed principally for direct consumption in quantity approximately as follows: In 1933, 13,500 (short) tons; in 1932, 17,500 tons; in 1931, 41,500 tons; in 1930, 20,000 tons; and in 1929, 123,500 tons.

NOTE.—Basic data from Willett and Gray's Weekly Statistical Sugar Trade Journal.

Mr. EVANS. Mr. Chairman, I yield 30 minutes to the gentleman from Minnesota [Mr. KNUTSON].

Mr. KNUTSON. Mr. Chairman, at the outset I wish to express to my colleagues on the Ways and Means Committee my profound appreciation of the unselfish attitude displayed by each member of that hard-working body during the long and tiring hearings held on the various measures which have been committed to that committee for consideration. To me it has been an inspiring as well as instructive experience that I shall ever cherish. Our distinguished chairman, Mr. DOUGHTON, has displayed a wonderful spirit of fairness throughout, and I am sure that my colleagues join with me in the wish that he may long continue a Member of this great legislative body.

There is no economic subject upon which there exists greater differences in opinion than on the tariff. Indeed, it is the main line of cleavage between the two major political parties, so it was inevitable that the majority and

minority reports submitted with the measure now under consideration should reflect the attitudes of the two groups. We deny that our tariff rates are excessive. In fact, our rates are next to England—67 percent is on the free list and 33 percent protected.

Mr. Chairman, I fail to see any merit in the proposed legislation, which would give to the President power to negotiate trade agreements and reciprocal trade treaties without the advice and consent of the Senate of the United States.

In reply to the gentleman from Nebraska [Mr. SHALLENBERGER] let me say that the American tariff law is one of the lowest in the world. It is down near the level of that of England. Also let me remind you gentlemen that 67 percent of all the articles listed in the present tariff law are on the free list, and only 33 percent on the dutiable list; and then we come in here and urge a further lowering of the bars. It may well be asked if we have lost our sanity.

Mr. SAMUEL B. HILL. Will the gentleman yield?

Mr. KNUTSON. If I may finish my statement, then I shall be glad to yield.

I should like to make a consecutive statement, if I may. This legislation would vest in the President powers which now rest with Congress under the Federal Constitution. My position must not be construed as one of distrust of any individual, but rather one that would prefer to follow constitutional lines. I do not believe we should become hysterical in the face of the present emergency, neither do I believe that we should surrender any of our liberties, which have cost so much in blood, suffering, and treasure to obtain. All about us we see government of, by, and for the people being swept aside, and one-man rule being substituted.

I well recall my first experience in this body. It was in the extra session of the Sixty-fifth Congress, April 1917, which had been called for the specific purpose of declaring war against the Central Powers, notwithstanding that the people but a few months previously had decided by a national referendum at the polls that they wished to remain neutral. Previous to coming to Washington, indeed, during the campaign in the fall of 1916 I had repeatedly stated that I was opposed to our entrance into the war and would so vote if elected. Hardly had I arrived in the city when a deluge of telegrams and letters began swamping my office and nearly all of them carried this motto, "Stand by the President." It was the hysterical cry of a group whose power of reasoning had been temporarily dethroned as a result of a skillful campaign of falsehood and misrepresentation, carefully played up by the great metropolitan press of the country. The people did not want war, but their leaders did. Now we know that the people were right and their leaders wrong. Had we remained out of that war we would not today be obliged to spend billions for relief work, not to mention the enormous debt with which we are now saddled. Had we remained out of the war we would not now have a bankrupt agriculture that is threatening to engulf the country, neither would we have many of the other ills that afflict us.

It has been said that there is nothing new under the sun, but there is, and I refer to the new philosophy on economics for which the proponents of this bill stand. In recent statements to the press and in addresses delivered in various parts of the country they announce without reservations that the first requisite for recovery in this country is to build up the foreign purchasing power through a lowering of our tariff rates, which, of course, can only mean an increase in imports from other countries.

To that plea my answer is, let us build up American purchasing power first. That is most urgent, and it is our duty to do so. Why should we lower our tariff at the present time when there is so much unemployment, suffering, and want at home, and when we are already importing too many agricultural and industrial commodities in large volume, such as cheese, rye, barley, flax, sugar, vegetable oils, carpets, footwear, glass and earthen ware, textiles, matches, pulp and print paper, and many other products, and while prices at home, by reason of these imports, are at their lowest levels in history and unemployment the greatest.

Let us take the case of sugar. Under wise Republican protective policies the domestic beet- and cane-sugar industry has grown steadily and healthfully, so that we now produce one third of all the sugar consumed in the United States. Last year more than a million acres—1,065,000—were grown to beets, and these acres yielded 1,756,000 short tons of sugar—300,000 tons more than the President suggested as the limit for domestic production in his message to Congress.

Mr. WOODRUFF. Will the gentleman yield?

Mr. KNUTSON. I yield for a question.

Mr. WOODRUFF. I should like to have the gentleman inform the House what the President wishes to do with that 300,000 tons of sugar production that he proposes to

take away from the sugar producers of this country? I mean by that, the beet-raising farmers of this country.

Mr. KNUTSON. Why, Mr. Chairman, the President proposes to take this great privilege away from the American farmer and transfer it to the people of a foreign country—the farmers of Cuba. He closes his eyes to the fact that we raise surpluses of many of our agricultural commodities, and that the growing of sugar beets contributes to the substantial relief of this situation. He should ask Congress to do the thing which would permit an increase in the growing of sugar beets, instead of seeking to reduce that activity as he is now doing. He could by doing this bring real relief to our much-distressed farmers.

Mr. HOEPEL. Will the gentleman yield?

Mr. KNUTSON. Mr. Chairman, I do not yield further to anyone.

Since we produce at home only one third of the sugar we consume, it is obvious that beets compete with no other farm crop. On the contrary, the potential market for this commodity is greater than for any other major crop grown in the United States, and each additional acre of beets means a like reduction in the lands now growing surplus crops, so it would seem the part of wisdom to encourage the beet-sugar industry in every legitimate manner.

If this administration follows out its proposal to seriously reduce the acreage of beets, there can only be one consequence: The farmers now raising beets must turn to some other crop. In Minnesota, for instance, they would probably undertake dairying, or the raising of potatoes, and since beet lands are always the most fertile and productive we might expect a greatly increased competition in milk products and potatoes, of which we already have large surpluses. In the irrigated sections of the West the change would be even more striking, for there the lands taken from beets might easily produce 600 bushels of potatoes, or 40 bushels of wheat to the acre.

Surely no one will contend that this would make for a better balanced agriculture, nor provide a solution for our surplus problem. We have not forgotten how the holders of Cuban sugar ran the price of sugar to the consumer up to 32 cents per pound back in 1920, when they had us within their power because the supply of domestic sugar was exhausted, and if we would avert a similar experience in the future we should encourage and stimulate the growing of sugar beets in this country so as to make us independent of grasping outsiders.

In Minnesota our annual sugar requirement is about 250,000,000 pounds, yet we produced only about 94,500,000 pounds at Chaska and East Grand Forks in 1933. To provide for our own needs in that State would require 4 new factories and an additional 70,000 acres, most of which are now devoted to potatoes, corn, and wheat, of which we have substantial surpluses. Why not a better balanced agriculture, rather than a reduction in production? That would mean more money for our farmers with no drain on the Federal Treasury. At this point I desire to read a letter that I received on the subject a day or two ago:

AUTOMOBILE CLUB OF CHASKA,
Chaska, Minn., March 20, 1934.

HON. HAROLD KNUTSON, M. C.,
Washington, D. C.

DEAR MR. KNUTSON: Current press notices indicating the attitude of Secretary of Agriculture Wallace toward the domestic beet-sugar industry are very discouraging to the farmers of this section.

Contrary to the statement of the Secretary of Agriculture that the beet-sugar industry is inefficient, we submit that if labor in Cuba and the Philippines were paid on the same basis as labor in this country, the domestic industry would be found to be the more efficient. Beet labor in this section receives 35 to 50 cents per hour, and fully 85 percent employed are local people. Over a half million dollars was paid in this State to beet workers during the past year.

In this section farmers generally are signing up for the corn-hog and wheat reduction campaign on the theory that there is a surplus of these export crops. They cannot see the logic that would require that they reduce their acreage of a crop, only 25 percent

of which is produced in this country and which has given them their only cash return during the past 2 years.

The members of this civic organization respectfully request that you use your influence to protect the beet-sugar industry for the farmers and labor of Minnesota.

HOWARD HABEGGER,
President Chaska Automobile Club.
FRED U. SPLETTSTOEISSER,
Secretary Chaska Automobile Club.

Surely all must be aware of the fact that we cannot restore prosperity in this country by producing less at home and buying more abroad. The less we produce in this country the fewer will be employed and the more money will be sent out of the country, and that would be burning the candle at both ends.

Surely the proponents of this measure will not contend that we should produce less butter, cheese, and animal fats and increase our imports of these products.

Surely no one seriously thinks that it would promote the prosperity of the American people to decrease the production of beet sugar and flax in this country by restricting the acreage and permitting Cuban sugar and Argentinian flax to fill the vacuums created by such reductions.

Surely no one believes that it would benefit the American dairyman if we further increased our butter and cheese imports from Canada, Italy, Argentina, and New Zealand and decreased our own production correspondingly.

Surely no one would have us believe that it would help the American stock, sheep, and swine raiser if we were to lower the tariff bars and permit increased imports of livestock, sheep, wool, and swine from other lands at a time when we are having difficulty in marketing our own livestock.

Take the case of rye. Last fall there appeared in my home paper a letter from one of our leading dairymen, which I desire to read to you at this point:

OCTOBER 30, 1933.

EDITOR TIMES-JOURNAL,
St. Cloud, Minn.:

About a week ago I noticed in the market reports that there had recently been imported into this country 3,000,000 bushels of rye from Europe and, as a result of the importations, the rye prices dropped 20 cents per bushel, to be followed a few days later by another drop of 5 cents when 300,000 bushels of additional rye came in from Canada. Unfortunately, all other grains took a tumble along with rye, so it is fair to say that the whole thing cost the American farmer at least \$20,000,000. In looking into the matter I find that we are importing large quantities of butter, grain, and milk from Canada and butter from Holland, Denmark, and New Zealand, dried eggs from China, dried fish from Japan, potatoes from Canada, and canned and chilled beef from Argentina, Uruguay, and Brazil.

In view of these importations of agricultural products, which are sold below domestic production costs, we need not wonder that old cows do not bring enough to pay for trucking and commission; that butter fat is 10 cents below what it should be; eggs likewise.

We read in the press that 10,000,000 Americans are out of work largely because of importations of industrial products, so our home market also suffers from lack of consumption. The solution lies in increasing all tariff rates—agricultural and industrial—to a point where the American producer can hold his own market.

Government reports show that we import sufficient quantities of agricultural and industrial products, which we can produce at home, to give work to 3½ million Americans. In normal times we consume 93 percent of our total production. If we would confine our consumption to home products, which would give us the home market, there would be no surplus and little unemployment.

Free the Philippines immediately to help the American dairyman.

President Roosevelt is doing his level best to help us and so is Congressman HAROLD KNUTSON, who has consistently fought and worked for a tariff law that would give us our own market. They are working together for the best interests of our country, but we should do our part in buying American goods. If we will do that, it would go far toward solving the agricultural problem as well as unemployment.

Yours for the American producer.

Yours very truly,

ISADORE A. SCHWINGHAMER,
Albany, Minn.

Evidently the situation with reference to rye has not improved any since because on yesterday I received a letter

from my boyhood home which indicates that the situation has not materially changed. The letter follows:

Clear Lake Elevator Co., Clear Lake, Minn., March 19, 1934—

Mr. SAMUEL B. HILL. Mr. Chairman, will the gentleman yield?

Mr. KNUTSON. I yield for a question.

Mr. SAMUEL B. HILL. Does the gentleman agree with the statements in the letter he just read?

Mr. KNUTSON. Yes.

Mr. SAMUEL B. HILL. Then I take it that the gentleman's objection to this legislation is the fear that it will not raise tariff duties?

Mr. KNUTSON. My good friend from Washington has not any idea that it is the purpose of the President or whoever he delegates the power to, to raise tariff rates. I am quoting the Secretary of Agriculture who says it is necessary to reduce our tariff rates in order to raise foreign buying power.

Mr. SAMUEL B. HILL. I asked the gentleman that question preliminary to another, for which I hope he will yield.

Mr. KNUTSON. Will the gentleman give me a little time?

Mr. SAMUEL B. HILL. I think the gentleman speaks a little better if he has a few questions asked.

Mr. KNUTSON. I yield.

Mr. SAMUEL B. HILL. The gentleman from Minnesota stated in the early part of his remarks that he had constitutional objections to this bill.

Mr. KNUTSON. I said I did not have. I am not so concerned about the constitutional aspects of it as I am the economic aspects of it.

Mr. SAMUEL B. HILL. I was just about to call the gentleman's attention to some questions he asked of the witness Dickinson, from the Department of Commerce, when the matter was being heard before the committee, in which the gentleman said he was not so concerned about the constitutional aspects of the question, but said:

Frankly I know the purpose of this legislation is to lower rates. If I thought for a minute that it was proposed to raise rates to meet present conditions, I would vote for this legislation and be glad of the opportunity to do so.

Mr. KNUTSON. Is the gentleman quoting me now?

Mr. SAMUEL B. HILL. Yes. That is the gentleman's statement in the hearings.

Mr. KNUTSON. Will the gentleman read that again, please?

Mr. SAMUEL B. HILL (reading):

Frankly I know the purpose of this legislation is to lower rates. If I thought for a minute that it was proposed to raise rates to meet present conditions, I would vote for this legislation and be glad of the opportunity to do so.

Mr. KNUTSON. I am very glad the gentleman has introduced that into my remarks, because that is something I overlooked.

Mr. SAMUEL B. HILL. I just wanted to get the attitude of the gentleman.

Mr. KNUTSON. My attitude has not changed. If the gentleman can give us assurance that rates will be raised in the event this bill becomes law, I will vote for it.

Mr. SAMUEL B. HILL. I simply wanted to bring out this point, that the gentleman from Minnesota is not objecting to this legislation on constitutional grounds.

Mr. KNUTSON. Not at all. Not at all, although I do like to go along constitutional lines if it is possible to do so. [Applause.]

Mr. SAMUEL B. HILL. The gentleman also, as I understand, voted for the Tariff Acts of 1922 and 1930, which contained the flexible provisions?

Mr. KNUTSON. Absolutely, because I knew that the purpose of the flexible provision was to raise rates; never to lower them.

Mr. SAMUEL B. HILL. So the gentleman is not making any constitutional objection to this bill?

Mr. KNUTSON. No, no. We do not expect the Constitution to be very sacred when the Democrats are in power. It was not during the war and it is not now.

Mr. VINSON of Kentucky. Will the gentleman yield right there?

Mr. KNUTSON. I yield.

Mr. VINSON of Kentucky. Then so far as the Constitution is concerned, you feel it is all right to give the President power to increase rates, but if power is given to decrease them, then the question of constitutionality is involved?

Mr. KNUTSON. Then it is all wrong if you give him power to lower rates.

Mr. VINSON of Kentucky. One other question. The letter which the gentleman referred to, as I heard it read, suggested that every tariff rate on agricultural commodities, and industrial products as well, should be increased?

Mr. KNUTSON. Yes.

Mr. VINSON of Kentucky. Now, if the gentleman is so strong for that, why did he turn to the House and say when he read that language, "These are his words and not mine"?

Mr. KNUTSON. Because I wanted the House to know that there are others who feel the same way as I do.

Mr. VINSON of Kentucky. It seems to me it would indicate that the gentleman wanted to emphasize that those were the thoughts of the writer and not the gentleman's own thoughts.

Mr. KNUTSON. Let me say that there had been a break while the Presiding Officer was calling the House to order, and I did not want the House to forget that I was yet reading the letter.

Evidently the situation with reference to rye has not improved any since, because on yesterday I received a letter from my boyhood home, Clear Lake, Minn., which indicates that the price of rye is practically what it was a year ago. This letter comes from an elevator man. It reads as follows:

CLEAR LAKE ELEVATOR CO.,
Clear Lake, Minn., March 20, 1934.

HON. HAROLD KNUTSON,
Washington, D.C.

DEAR MR. KNUTSON: As you perhaps already know, the chief cash crop of the farmers of this community is rye, and in my line of business I naturally take quite an interest in the crops which are raised and sold here. I have been watching the papers quite closely and I notice that Europe has shipped in here from eight to ten million bushels of rye already, and I am enclosing herewith a clipping from a Minneapolis paper of yesterday to show you that the administration is in favor of letting this rye come in in exchange for some other products. Of course, I do not know what they are trading to these Europeans, but the chances are that it is nothing that benefits the farmers in this community where they make their living by raising rye.

Please look into this matter, and, if you possibly can do so, try and keep out these importations of rye so that our farmers may get a few pennies for their labors here.

I thank you for any favors you may be able to show for your home supporters here, and I hope you will keep me advised of what is being done in this matter at Washington. I am,

Yours very truly,

J. H. ARNOLD, Manager.

In this same connection I read a short excerpt from a Minneapolis paper dated March 18, 1934:

[Reprint from Minneapolis paper of Mar. 18, 1934]

Rye holders liquidated as freely as they could because of the official attitude toward the proposed increase of import duties on European offerings. Latest reports from Washington indicate that the administration regards the matter of trade more important than the matter of advancing the price of rye.

Rye is one of the most important crops in many parts of this country. With the repeal of prohibition and the greatly increased demand for rye, the price should be well toward a dollar, but instead is bringing only 50-odd cents per bushel on the local markets back home because of rye importations from Europe and Canada, which constantly lower the price.

Mr. SAMUEL B. HILL. Mr. Chairman, will the gentleman yield?

Mr. KNUTSON. Certainly.

Mr. SAMUEL B. HILL. Will the gentleman inform us what the import duty on rye is?

Mr. KNUTSON. It is 15 cents a bushel.

Mr. SAMUEL B. HILL. How much rye was imported?

Mr. KNUTSON. Between 8,000,000 and 10,000,000 bushels in 1933.

Mr. WILLFORD. Mr. Chairman, will the gentleman yield?

Mr. KNUTSON. Yes.

Mr. WILLFORD. How do those farmers market their rye, in dry or in liquid form?

Mr. KNUTSON. Since the repeal of the prohibition amendment they sell it in dry form.

In Minnesota and in other States manganese mines are closed down. Does anyone seriously contend that it would materially promote prosperity in this country if we were to buy yet more manganese ores from Russia, Brazil, and India, when thousands of idle manganese miners are walking the streets in this country looking for work?

Does anyone really believe that we should increase our imports of shoes, glassware, earthenware, toys, and so forth, from Czechoslovakia and Japan and reduce the output of the American factories engaged in the production of these commodities?

Does anyone honestly believe that we should produce less American textiles and worsted goods and buy more from Europe and Japan?

Under the philosophy advanced in behalf of this legislation we would build up the foreigner's buying power by giving him the American market, which is about all that we have left as a result of our ill-fated venture into international politics back in 1917-18; but let us make no more mistakes. To do so would be at the expense of the American farmer, workingman, and manufacturer.

On all sides we find foreign goods and products on sale. Go into any market place, and one will find that all canned beef on the shelves comes from South America, the matches from Japan and Russia, the crockery and earthenware from Czechoslovakia, as does a very considerable part of the footwear offered for sale. It is almost impossible to buy clothing made from American fabrics, and the oleomargarine and soaps that we use are largely made from vegetable oils that come from the Orient. Dried and powdered eggs in large quantities come from China, and most of our print paper and pulp comes from Canada and Europe. We should not lose sight of the very important fact that when the President reduced the gold content of the dollar he at the same time reduced all specific tariff rates by 40 percent, and as a result we are today on the lowest tariff plane of any country that I know of, and here it is frankly proposed to lower the bars yet more. Have we lost our senses? It would seem so.

Mr. SAMUEL B. HILL. Mr. Chairman, will the gentleman permit a further interruption?

Mr. KNUTSON. Yes; I yield to my colleague on the committee.

Mr. SAMUEL B. HILL. Is the gentleman from Minnesota satisfied with the present tariff act?

Mr. KNUTSON. No.

Mr. SAMUEL B. HILL. That is a Republican tariff act.

Mr. KNUTSON. Yes; I know it is a Republican tariff act; but we were too cowardly to put a duty on print paper and wood pulp, as we should have done; and this observation applies to both sides of the aisle.

Mr. SAMUEL B. HILL. I take it the gentleman is more nearly satisfied with the tariff act as it now exists than he would be if some of these rates were lowered.

Just what would the gentleman himself do to improve the economic situation through tariff rates?

Mr. KNUTSON. He would raise the rates on the things that are being imported into this country which we can produce at home.

Mr. SAMUEL B. HILL. Would the gentleman raise the rates to the point of prohibiting imports?

Mr. KNUTSON. The gentleman would raise the rates to the point where the American producer would have an equal chance with his foreign competitor. [Applause.]

Mr. SAMUEL B. HILL. Then the gentleman's attitude is that of an isolationist so far as America is concerned in an economic sense.

Mr. KNUTSON. No; the gentleman is not an isolationist; the gentleman is a nationalist.

Mr. SAMUEL B. HILL. Does the gentleman believe in the expansion of our foreign trade?

Mr. KNUTSON. Yes; I believe in the expansion of our foreign trade if this expansion is not accomplished at the expense of the American farmer or the American laboring man.

Mr. SAMUEL B. HILL. How does the gentleman hope to expand our foreign trade if he does not permit some imports to enter the country?

Mr. KNUTSON. The gentleman from Washington closes his eyes to the important fact that already 67 percent of all our imports are on the free list and are imported without any restriction whatever.

Mr. WOODRUFF. Mr. Chairman, will the gentleman yield?

Mr. KNUTSON. I yield.

Mr. WOODRUFF. If the gentleman would permit this observation: Inasmuch as 67 percent of the imports that come into the United States enter free of duty we are already permitting sizable imports.

Mr. KNUTSON. Certainly.

Mr. SAMUEL B. HILL. Does not the gentleman believe there is some opportunity there for trade agreements that might be of advantage to the United States?

Mr. KNUTSON. Oh, yes; if we want to ship goods abroad and bring in champagne and liquor, I think we can do some commerce, but the gentleman ought not to forget that liquors and wines are manufactured from the products of the farm, and that whenever imports of this character are brought into this country such importations take from the American farmer the opportunity to further increase the income from his farm.

Mr. McGUGIN. Mr. Chairman, will the gentleman yield for one short question?

Mr. KNUTSON. I yield.

Mr. McGUGIN. Does the gentleman from Minnesota know whether or not the gentleman from Washington would like to promote our foreign trade by permitting more foreign lumber to enter the country?

Mr. KNUTSON. I do not think he would.

Mr. SAMUEL B. HILL. I should like to say to the gentleman from Kansas that we have not yet been very successful in getting much protection for the lumber and timber products of the Northwest.

Mr. KNUTSON. The lumber people are getting protection to the extent of \$4 a thousand, which is four times as much as any Republican tariff ever carried.

[Here the gavel fell.]

Mr. WOODRUFF. Mr. Chairman, I yield the gentleman from Minnesota 10 additional minutes.

Mr. KNUTSON. We are now buying altogether too much from other lands, and much of our unemployment is the direct result of these large foreign purchases. Is it not high time that we give some heed to the welfare of our own people? If we would restore the farmers' and laborers' purchasing power by giving them the home market, we will be able to take care of the surpluses in all American industries.

At this juncture I would remind you of what Timothy said. It is found in I Timothy 5:8, and reads as follows:

But if any provide not for his own, and especially for those of his own house, he hath denied the faith and is worse than an infidel.

Now, understand, I am not trying to intimate that anyone is an infidel. I am merely quoting Timothy, who was a wise old man. I have a very high regard for those advocating this legislation. They are honestly trying to do a big and hard job to the best of their ability, and they need and deserve our cooperation; but I cannot go along with them in their program to lower the tariff and further open the flood-

gates of Europe and the Orient to the American market, which we so sorely need for ourselves at this time.

I can best present what I mean by an illustration: Two pastures lie side by side with but a line fence between. One pasture, which is the foreign market, has been cropped to the grass roots, and the herd is starving; the other pasture, which is the American market, contains barely enough grass to keep the herd in fair shape. The owner of the first pasture proposes that the line fence be removed on the theory that it will increase the range and make for a greater milk yield when, as a matter of fact, to remove the fence would merely result in the starvation of both herds and, in a nutshell, that is just what is here proposed; and if this legislation is enacted, it will be the American producer who will suffer.

I am not so much concerned with the constitutional aspects of this question as I am with its economic angles. The measure before us is predicated upon the theory that our foreign commerce can be greatly increased. Frankly, Mr. Speaker, I do not believe it. In order to restore our lost commerce with other lands, it would be necessary for us to go out into the open world market and compete with the underpaid labor of other countries. This we cannot do, unless we are willing to bring our living standards down to the levels of those with whom we come into competition, because selling costs are always based upon production costs, and those who can live and produce the cheapest will get the business. Rather, I say, let us concentrate our efforts on the home market, which consumes 93 percent of all that we produce and buys for cash at living prices.

Many of you remember when we were the biggest exporter of wheat in the world; but as the wheat fields of Canada, Argentina, and other newer fields became developed, our wheat exports shrank in proportion to their increases in production, because they could produce more cheaply than we could, and the world will buy in that market where it can buy the cheapest and get the most for its money. That is only natural; but, unfortunately for us, we cannot sell in volume under such conditions, and what we do sell will have to be on a world-price market basis. In other words, the world price will be the dominating factor in the domestic market of those commodities of which we have an exportable surplus, because we then lose control of the situation.

Let me illustrate what I mean: We have an exportable surplus in wheat, on which there is a protective tariff of 42 cents per bushel. There have been times when the price of wheat has been but little above the tariff rate, because the world price governed. France is an importer of wheat, and has a protective rate of 88 cents per bushel. By a nicely balanced limitation on imports, to merely fill domestic needs, France has been able to maintain the price of wheat to the French wheatgrower at about \$1.50 per bushel by giving him the benefit of the tariff. Now, I ask you, which is preferable?

The proponents of this measure evidently fail to take into consideration two very important factors which makes the proposed plan visionary, impractical, and undesirable: First, the home market consumes over 90 percent of our total production in normal times, hence we should primarily concern ourselves with retaining that market. Second, in order to increase our foreign commerce we will have to extend the credit necessary to permit them to buy from us, and already they owe us billions of dollars for goods bought, which we will never get, or we will have to buy from them commodities to cover such transactions. Save in the case of tropical fruits, tea, coffee, rubber, silk, and a very few more commodities, everything that will be sold to us we already produce at home, and to buy such items abroad can but further restrict production at home, with its resultant curtailment in labor. I ask you, Is it good business for us to go into such a deal?

As I see it the whole proposition is premised on unsound ground. Surely, we will not be able to help our unemployment situation in this country by buying abroad more of the things we can and should produce at home. The testi-

mony had before the committee clearly shows the real purpose of this program, which is to lower the tariff and make it easier for the foreigner to sell to us. At this point I desire to direct your attention to the testimony of Samuel Crowther, which is found in part 6 of the hearings. I consider Mr. Crowther one of our outstanding economists. All of you read his articles in the leading American magazines. Mr. Crowther is an American first, last, and all the time, and he is free from that taint of internationalism which seems to be so popular these days. At this point I will read you several very interesting and illuminating paragraphs from Mr. Crowther's statement to the Committee on Ways and Means in opposition to this bill, which are found in part 6 of the hearings:

Let us consider what, if any, relation exports have to our prosperity. Secretary Hull has given to you the excellent Adam Smith doctrine that nations prosper by the exchange of wealth. That is true to a degree. It was once thought by all the classical economists—and the position is still held by many who have not followed the times—that the nations of the earth were divided into manufacturing nations and raw-material nations—that one half of the world should make and the other half grow. That division no longer holds.

It has been discovered that manufacturing is not a secret but that machinery may be bought and a factory be set up almost anywhere. For instance, American shoe machinery is all over the earth, and it is only a matter of weeks before the latest American style is being made in Mexico or Czechoslovakia. While the raw-material nations of the world have been going into manufacturing, the manufacturing nations have been going into the raising of their own foods, so by a very natural process of evolution—exactly the evolution which brought the country from a raw-material nation to a manufacturing one—the reason for the old international trade has largely vanished.

The change is permanent. The export trade of the world is going the way of the whaling trade, and there is just as much chance of restoring it as there is of restoring the whaling trade by cutting out electricity and decreeing the world-wide use of sperm oil. The British coal trade with Italy can be reestablished only by destroying Mussolini's new water-power stations. The British cotton trade with India can be brought back only by destroying the Indian cotton fields and mills, which is as reasonable as attempting to close our own southern cotton mills in order to revive the cotton trade of New England. Chile can regain the trade in nitrates only if artificial fixation of nitrogen be prohibited. Germany can regain its chemical trade only if the trade in England, the United States, and Japan are shut down, etc.

This change is hitting the nations which have depended upon exports, for they have not adjusted their economies to developing their home markets. The dependence of these nations upon foreign trade during the period 1927-29 is truly extraordinary. We find that during this period the average annual exports of Great Britain, Germany, and Japan amounted to 20 percent of their estimated national income. The percentage for France is 22; for Belgium, 55; for Italy, 15; and for Czechoslovakia, 33. For the Latin American countries, which mostly export raw materials, the percentages are: Argentina, 34; Brazil, 25; Chile, 35; Cuba, 65; and Mexico, 35. In vivid contrast to these percentages is the United States, in which our very large exports during the same period amounted to only 6 percent of our national income, and if intercompany relationships were eliminated the figure would probably not amount to much more than 3 percent.

We import special tobaccos, although we are the largest exporters of tobacco. We import paper and newsprint and paper stocks largely from the forests of Canada. We could, if it were necessary, supply all our paper requirements and likewise all the wool, hides, and skins we import. We have been importing large quantities of nitrates from Chile and potash from Europe, but so rapid has been the progress in the fixation of nitrogen and the development of ammonium sulphate as a byproduct of steel manufacturing that no longer are we in the least dependent on any outside source for our nitrates, either for fertilizer or for explosives. Our potash development has been equally rapid.

We are as independent in dyestuffs as we care to be. It can be stated generally that through the whole chemical field today we are as independent as circumstances warrant, and that the American chemist will produce anything that he is ordered to produce.

There is a group of metals of which we import only a little, but that little is very important. These are antimony, chromium, manganese, platinum, quicksilver, nickel, cobalt, vanadium, and tungsten. In some of these we have a slight production, as in manganese, tungsten, and quicksilver, but in none is it now possible to meet our normal domestic consumption. But metallurgists say that for any of these metals they can find satisfactory substitutes.

The export trade, which we have built up with a good deal of hurrah and flag waving, does not depend on any one article or group of articles. For the period 1926-30 crude materials made up 24.4 percent; crude foodstuffs, 6.4 percent; manufactured foodstuffs, 9.7 percent; semimanufactures, such as copper, lumber, and petroleum, made up 14.1 percent; and finished manufactures made up 45.3 percent. The big export items, taking the 1930 totals,

were: Machinery, 13.8 percent; raw cotton, 13.1 percent; petroleum, 13.1 percent; refined oils, 11.6 percent; and automobiles, parts, and trucks, 11.6 percent. It is interesting to note that wheat and packing-house products were each only 4-percent items and did not greatly lead raw tobacco.

These exports, it is said, are of primary importance to us. They have not in recent years amounted to more than 5 or 6 percent of the total production of the United States if we include in the total such highly important but nonexportable items as distribution, transportation, and construction.

We have never squarely faced the fact that, if we sell abroad more than we buy, we must finance the sales through loans. And also we have never faced the fact—and neither has any other nation—that, if the loans made abroad are used for productive-capital purposes, they will result in building up industries abroad which will make the very articles the country has been importing. If the loans are used for unproductive purposes, they will never be repaid. If we take large imports of manufactured goods in return for large exports, we shall have to decide what part of our people will give up their jobs and what part can be shifted to the making of articles for the export trade. That would seem to be a momentous decision. It would be if it had to be made. But the very rapid changes which have been taking place in the world have made the decision for us. We are not going to have a large export trade. The reasons for this have already been set out. Our only concern is with the size of the import trade which we will permit; that is, how much of our home market we will choose to turn over to foreign workmen. The question gets down to exactly that.

We might leave the answering of that question to nature, if finding the right answer would settle anything. But a far greater question is involved. We have within our borders the wealthiest and most complete economic machine the world has ever seen. To the extent that we import and export, we expose that machine to outside control; a war in which we have no concern may throw millions of our people out of work, if their jobs depend either on foreign demand or supply. Instead of a war with arms, we may run into an economic war, waged with cartels and prices that will equally damage our progress. For a while we imagined that foreign commerce was always sweet. Now we know it can be very bitter. We cannot take the sweet without the bitter. But we can choose to have little or nothing of either.

The great majority of the industrialists of the country are already agreed that their possible foreign business is of slight consequence as compared with the future of the home market. They, keeping abreast of science, are realists, and so, reluctantly but positively, they have come to realize that many of the changes which have come about in the world's commerce are basic and that yesterday has gone forever. Even many of the concerns that have a third of a half of the capital abroad and have considered their affairs as international are at the point where they are willing to scrap their foreign investments if they can save their home markets. The really important farm interests, such as the dairy, the cattle, the egg, the fruit, and the vegetable people, depend entirely upon the home market. The wheat farmers and the cotton planters who have now become of less importance in the national picture, would like a large export trade as well as a large domestic trade. That, however, is not in nature.

If, at the height of our exporting when we were giving our goods away to foreigners, the amount that we exported made only a trivial proportion of our trade, how can it be that suddenly the foreign trade has taken an all-important position in our economy? And since, in the United States, we do about one half the business of the whole world, would it not be more to the point to concentrate on the home market?

As I view this whole thing it is a contest between Americanism and internationalism. As for me I will take my place on the side of Americanism. I am more concerned with the welfare of 10,000,000 idle in this country, who would work if they had a chance, than I am with the idle of other countries. [Applause.] Charity begins at home and our duty is to provide for our own people first.

It is high time that we stop playing the role of Santa Claus to other countries, and fulfill our plain duty to our own people. By every rule of the game they should come first, and, if we fail them, we deserve to be driven from power, as we surely will be.

Our paramount duty is to regain the American market for the American producer so that our idle may be put back to work at wages that will enable them to enjoy American standards of living. [Applause.]

My friends, let us return to that rugged spirit of Americanism which made this country great and prosperous. So long as our industries, agricultural and industrial, enjoyed full protection against the competition of pauper labor in other lands we were a happy and prosperous people, but with the fall of foreign currency values in the markets of the world we were forced onto a low-tariff basis which resulted in many factories shutting down and throwing hundreds of thousands out of work because they could not com-

pete with the much cheaper labor of other lands that toiled longer hours per day. This unfortunate situation also had a very depressing effect on agriculture because of the impairment of the buying power of the American people.

How much longer will we shut our eyes to the true state of affairs? The future of our country rests in our own hands, and if we do not apply the necessary remedy, which is an adequate protective tariff, our beloved country and our firesides will be bankrupt as sure as the rising of tomorrow's sun. [Applause.]

Mr. Chairman, I yield back the balance of my time.

Mr. DOUGHTON. Mr. Chairman, I yield 20 minutes to the gentleman from Oklahoma [Mr. McClintic].

Mr. McCLINTIC. Mr. Chairman, I desire to thank the Chairman of the Ways and Means Committee for extending to me the courtesy which makes it possible to give my views concerning the pending legislation. This bill, briefly stated, is a measure to enable the President of the United States to deal quickly with other nations of the world in commerce. In other words, it provides the kind of machinery that will make it possible to cut red tape, hue straight to the line, and complete a transaction without the usual delay that is now brought about by the old cumbersome method in effect.

The subject of tariff is a misnomer to most of our people. It is the one subject that usually enters into every campaign. The Republicans for many years have always sponsored a high protective tariff, and the Democrats on the other hand have issued their declaration in favor of a tariff for revenue only. Then there is a middle class who believe in free trade, which means that every article of commerce should be allowed to flow back and forth from one country to the other without any kind of restrictions. There are so many phases that enter into a tariff discussion that it is practically impossible for anyone to have a correct viewpoint on the subject. Corresponding conditions, coupled with supply and demand, are some of the phases that have a bearing on this subject; and when the whole question is summed up, I am inclined to believe that no one can write a formula that will correctly solve this problem. This being true, the term "expediency" can be used in connection with the necessity for this kind of law.

In the days gone by, the Nation has always been confronted with a struggle between two classes—the manufacturer on one side, trying to obtain as high a rate as possible on manufactured articles, and the consumer on the other opposing any kind of legislation which would bring about a monopoly. This being true, one can realize the reason for a difference of opinion concerning this legislation and its effect upon world commerce.

Hearings were held on this bill for about 1 week, and some of the Nation's best-posted men on this subject testified both for and against the legislation. As I view it, those who were interested in the continuation of favorable rates to existing manufacturing concerns opposed the legislation, and on the other hand those who are interested in protecting the markets of the United States abroad favored the legislation.

The Secretary of State, the Honorable Cordell Hull, a former member of the Ways and Means Committee, who served in Congress for many years with distinction, came before the committee and told us that unless something was done, the policy now in effect on the part of a number of the nations would gradually strangle or destroy our export business, and to cope with this situation it was necessary that the President of the United States be clothed with sufficient power to trade or bargain in such a way as to keep the channels of commerce open so that surplus products could flow freely to the various people of different nations.

It will be interesting to note that on March 16 there was published in a Washington paper a startling statement relative to this subject, and in my time I want the Clerk to read the same to the House, as it portrays in language so clear the actual conditions that we are confronted with that no one, unless he be unduly biased, can object to the passage of some kind of bill that will enable the President to cope with the existing situation.

The Clerk read as follows:

FRENCH DOUBLE TARIFF LEVIES ON UNITED STATES GOODS

PARIS, March 16.—A new blow was struck against American products today when the French Government, acting without Parliament, doubled the duty on machine tools and raised the duties on other products which the United States has heretofore furnished France.

The Government acted under recently granted powers to deal with tariffs. The move was regarded as strategy through which France hopes to arm herself with a trump card for future trade deals with the United States.

The list on which duties were increased includes certain chemicals, automobile horns, toys, alarm clocks, milk, sugar, and gelatin. The action marked the first use of the special powers obtained by the national union cabinet February 28, and followed a similar move yesterday when a new quota contingent system was announced for a long list of American products.

This announcement surprised American circles here, in view of the United States' announced suppression of the quota on French wines.

Secretary Sayre, of the State Department, in presenting an argument to the committee favorable to the passage of this bill, called attention to the fact that the delegation of power to the President in tariff matters was not a new idea, and he commented on the laws passed in 1794, 1802, 1815, 1828, 1890, 1892, 1897, 1909, and 1922. All of which specifically lodged in the President a particular authority with respect to foreign commerce. Anyhow, when this subject is boiled down to a nutshell and it is taken into consideration that some 65 nations have, according to the testimony presented to the committee, already put up trade barriers that are a menace to the United States, it means that, unless we scrap the old cumbersome machinery that makes necessary the holding of hearings and the finding of facts before any action can be taken, the horse will be stolen before we can have time to lock the barn.

It will also be interesting to some Members of the House to know that testimony was given to the committee which shows conclusively that when a shipment of a commodity is on the high seas, sold and billed to some concern in a nation where the government can, overnight, put on an embargo lifting the rates sky-high or do anything else desired, that such action may result in a great loss to the owner of the commodity.

One of the most prominent citizens who testified before the committee was Hon. Samuel Crowther, a writer of note, whose articles have appeared in the Saturday Evening Post and many other leading publications. I did not agree with his testimony; yet his viewpoint was indeed interesting, as apparently he is a nationalist and believes the time will come when the United States must be a self-contained Nation to the extent that it will be able to provide practically all the necessities of life for its citizens.

I took the occasion to question Mr. Crowther concerning the subject of wheat, cotton, and other commodities. He very frankly expressed the opinion that our export wheat market was already dead, and upon making an investigation I find that the total value of wheat exported last year amounted to only a little over \$5,000,000. In answering my question concerning what was going to happen to cotton, he expressed an opinion which, it seems to me, justifies the passage of this legislation, and that was that the time was approaching when we would probably lose our export market, and there may be a lot of truth to his statement when it is taken into consideration that there are some 26,000,000 acres planted in cotton by the English colonies and it is proposed to increase this acreage to the extent of 20,000,000 more acres this year. Everyone realizes that the cost of labor is far less in other cotton-producing countries; and if this new acreage should produce one fourth of a bale per acre, it would add to the world supply an amount equal to 75 percent of the number of bales that we export annually. Nothing could be more disastrous to the cotton-producing sections of the United States than such a result. Therefore, if the export markets of the various commodities produced in this country are to be protected, there must be provided some quick, effective way to execute trades, and this can only be done, in view of the present machinery already established by 65 nations, by giving to the President of the United States

the power that will enable him to make the kind of agreements that no nation would dare violate.

During this debate there will be presented all kinds of figures relating to export and import balances, yet the one fact remains that our business has been gradually falling away and this relates to percentages, so no one can successfully claim that the general depression that exists in some nations of the world is directly responsible.

In questioning Mr. Samuel Crowther, I asked him if he did not feel that if the nations of the world established a marketing place for the disposal of various kinds of products, would it not be favorable for our country to be represented by someone delegated with sufficient power to exercise the same? His answer, as I remember it, was that this was a new thought, and he would not care to answer it until he had given the same more study. Everyone realizes that a wholesale house sends its traveling salesmen out empowered to make prices and give discounts for the purpose of selling certain products; and if a competitor decides to sit on his own doorstep and wait for business, oftentimes the result is an action in bankruptcy. This is exactly the same situation that is prevalent today; and the percentage relating to our loss of business indicates that manufacturing plants, producers of agricultural products, and others are facing bankruptcy unless they can find some method of disposing of their surplus.

This House, a few days ago, passed the so-called "Bank-head bill"—a measure to levy a prohibitive tax on excess production of cotton. This Government has already curtailed the production of hogs, wheat, and other commodities, realizing full well that we were losing our farm markets; and if the price is to be maintained equal to the cost of production, there must be found some way to keep our citizens from producing more than can be sold.

During the hearings Mr. HILL, a distinguished member of the Ways and Means Committee from Washington, asked a certain question of Mr. O'Brien, the Chairman of the Tariff Commission—and by the way he is a Republican member, who, according to my viewpoint, has the right opinion concerning this legislation:

Mr. HILL. What can you tell us as to the tendency within recent years and at the present time toward trade-agreement bargaining among other nations outside of the United States?

Mr. O'BRIEN. It is growing like wildfire all over the world. It is in a way very much to be regretted as a world-wide policy, but I do not know what we can do about it. Since other nations are bartering and trading, if we want to get in on the deal we will have to do some bargaining and trading ourselves.

Mr. HILL. Is it necessary that our Government set up some agency for ready bargaining in order to keep pace with the trade-agreement movement throughout the world?

Mr. O'BRIEN. I believe so.

Mr. HILL. And if we do not set up such agency and do not confer power as in this bill it is provided, or in some other way, to enable some executive or administrative officer to carry out such negotiations and readily negotiate such agreements, the other nations will have the agreements all among themselves with us left out?

Mr. O'BRIEN. I think that is the case today in the Denmark lard matter. I think the trouble with England, why we are not selling lard there, is there has been a special trade between them that gives Denmark a great advantage.

Mr. HILL. This world-wide tendency of these countries toward trade agreements and the readiness with which they can negotiate trade agreements render it necessary for this country to adopt some agency for trade agreements if we are to keep pace with the other countries?

Mr. O'BRIEN. I believe in that strongly.

Mr. HILL. Whatever may be said about our tariff policy as it applied during the last 150 years, we have reached the point now where, under existing conditions, if we are to keep pace with the rest of the world we must take action similar to the action they have taken with reference to negotiating trade agreements?

Mr. O'BRIEN. That is correct.

Other distinguished gentlemen testified before the committee favoring the principles embodied in this legislation, and, to save my life, I cannot understand why the minority members of this committee cannot realize that unless some action be taken which will protect the producers of our country that sooner or later our commerce will be wiped off the seas.

The enactment of this bill into a law will not in any way destroy certain powers that now rest in the Tariff Commis-

sion, as section 336, which gives to the President authority to modify existing rates, is amended in such a manner that it will remain effective toward nations who do not make favored-nation treaties. In addition, section 338 will be effective toward nations that unjustly discriminate against the citizens of the United States; in addition the provisions included in the Public Works Act makes it possible to exercise the kind of jurisdiction that is necessary to levy different rates for the protection of commodities produced in the United States; yet these provisions of law do not provide any kind of machinery which would authorize the President to enter into a quick trade. When it is taken into consideration, the action announced by France against the United States a few days ago, one must realize the necessity of clothing the President with sufficient power to enter into trades for the purpose of removing unjust discriminations.

Mr. JENKINS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. McCLINTIC. I shall be pleased to yield to the gentleman from Ohio.

Mr. JENKINS of Ohio. Does not the gentleman know that in spite of all this enthusiasm shown by Mr. O'Brien, no country in the world has its imports and exports now up to where it had them in 1929?

Mr. McCLINTIC. I agree with the gentleman, but I may add further that our country has lost in percentages, and percentages are what count, and not the totals in dollars and cents. The percentages always show the trend of business, and there is no man on this floor or in this Nation who can dispute the accuracy of what I have just said.

Mr. JENKINS of Ohio. But does not the gentleman know that that condition is absolutely attributable to the fact that all the nations of the world have put up their own tariff walls and are trying to do what we should do—look after our home markets.

Mr. McCLINTIC. I think if the gentleman will refer to the speech just delivered by my distinguished colleague the gentleman from Nebraska [Mr. SHALLENBERGER], he will see cases cited that related to the various countries of South America, which showed that in the years gone by we had an increase in our export business where now we have a decrease, and this is not only true with respect to the South American countries, but it is equally true of all the nations with which we have had normal business in the past.

Mr. FULLER. Will the gentleman yield?

Mr. McCLINTIC. I yield to the gentleman from Arkansas.

Mr. FULLER. Is it not a fact that all these nations that have adopted higher tariff rates in recent years have done so in retaliation for the American Smoot-Hawley tariff law?

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. McCLINTIC. I am going to make my answer very short. I think the gentleman is exactly correct.

Mr. KNUTSON. Will the gentleman yield?

Mr. McCLINTIC. For a brief question; yes.

Mr. KNUTSON. The gentleman is probably the greatest authority on the oil question on the Ways and Means Committee—

Mr. McCLINTIC. I thank the gentleman for his compliment.

Mr. KNUTSON. I really believe that, and I follow the gentleman on the oil question, because I know he understands it. May I ask the gentleman this question? Does he really believe it would promote prosperity in Oklahoma and Texas and Kansas if we were to buy more oil in South America and produce less in the Southwest?

Mr. McCLINTIC. May I answer the gentleman by making this statement? Whenever we make it possible to negotiate trade agreements, then countries that are not producing oil will be able to sell or trade us something for our oil, and we will be able to carry on in a successful manner.

It will be remembered that recently our Government has announced a policy that relates to quotas; however, this

was more or less a temporary program, and until we announce to the world that we expect to ask for our citizens the same consideration that is given to others, we cannot hope to produce and sell surplus of many of the products of this land in the future. At present there are a great many articles on the free list; if I am correctly advised, there is no method other than by legislation to levy a duty on such items. In taking into consideration the various proceedings that enter into a trade, I have always been of the opinion that the more freedom an agency could have, the better the result that could be obtained; and for this reason I raised the question in the committee as to whether or not this legislation could directly deal with those articles that are now coming in free of duty. The answer was given that the establishment of quotas would solve the situation, thus making it possible, if the President so desired, to refuse to enter into an agreement which would allow any article to come into the United States, which, in my opinion, is a distinct advantage to all the people, and especially the cotton farmers, as the time may come when other countries will levy high duties on export cotton; and unless we have some way to meet the situation, this business may be vitally affected.

Now, this bill does not establish a selfish policy to make some industry enormously rich, but to preserve the rights of different kinds of businesses in this country in such a way that we may continue to hold the high position that we held in the estimation of other countries prior to the enactment of the high protective tariff law. In other words, I try to put myself in the other fellow's place when it comes to the discussing of any subject. I know that other nations of the world have the right to make quick trades, to establish embargoes overnight that may destroy the value of a cargo at sea, and I should like for my country to have the same rights so that the honest producer will not be penalized by some unjust act of this kind. [Applause.]

[Here the gavel fell.]

Mr. KNUTSON. Mr. Chairman, I yield 20 minutes to the gentleman from California [Mr. EVANS].

Mr. EVANS. Mr. Chairman, I do not expect anything I may say on this bill, or, in fact, anything anyone else may say on this bill in the course of this debate, will have the slightest influence on the outcome of this legislation, because I believe that every Member has already made up his mind how he is going to vote. The only purpose we can serve is to record our views on it so that the public will know how we stand on legislation of this kind.

The bill now before the committee, H.R. 8687, is entitled "A bill to amend the Tariff Act of 1930."

This proposed legislation does not within itself undertake to modify, alter, or change in any way whatsoever a single tariff schedule or rate in the Tariff Act of 1930, yet in every sense of the word it is a complete tariff bill in every particular. It transfers to the Chief Executive the whole works. It authorizes him, without let or hindrance, to increase or lower any rate in the present tariff act within a range of 50 percent of the present rate and without reference to the difference in foreign and domestic costs. It also authorizes the Chief Executive, at his own will and pleasure, to enter into foreign trade agreements with foreign governments or instrumentalities thereof. It authorizes the Chief Executive to modify existing duties, existing import restrictions, or such additional import restrictions as may be required or proper to carry out any foreign trade treaty that the President may see fit to enter into. The exercise of all these powers and proclamations shall be in effect from and after the time they have been proclaimed and shall remain in effect until such time as the President may desire to discontinue them in whole or in part.

I cannot vote for this measure for the reason that I am convinced it is an attempt to transfer to the President of the United States legislative powers not authorized by the Constitution, repugnant to and directly in conflict with section 8 of article 1 of the Constitution, which states that—

The Congress shall have power to lay and collect taxes, duties, imposts, and excises, to pay the debts and provide for the common defense and general welfare of the United States.

Throughout the 150 years' history of the country this constitutional power has rested in the legislative branch of the Government. To the present date, so far as history records, no President has ever asked that this authority be transferred to him or even suggested such a departure from traditional policy.

This proposed legislation, however, is just one further step in the direction of complete dictatorship that is now being rapidly approached by our Government; in fact, it is only truthful to say that this Government is now essentially a government by dictatorship. No other possible characterization can be made of it. I dare say that scarcely any Member of this House would say that he believes it was the purpose and intent of the framers of the Constitution, when they proposed section 8 of article I, above quoted, that the power to lay and collect imposts and duties, tariffs or taxes, was ever to be under control of other than the legislative branch of the Government. If any man is so bold as to entertain the thought that we in this country have not already been subjected to the rule of absolute dictatorship, let him undertake to embark upon any business venture. He will at once find himself surrounded by and checkmated with scores of heretofore unheard-of governmental bureaus, manned by high-powered subdictators, clothed with unlimited arbitrary authority, ready to place him in a governmental strait-jacket.

The proposed legislation is probably the most striking and forceful example of this that can be mentioned. We are living under the new deal and are paying a terrific price because of it. The liberties of the American people are daily being transferred from their chosen representatives to the executive branch of the Government on the basis that we are in the midst of an economic emergency and that traditional policies are to be cast aside. When this policy began a year ago it was claimed that it would be exercised only temporarily, and opposition to it was placated on that basis; but now no further claim is being made that this is a temporary policy. On the contrary, we are bluntly and plainly told by the "brain trust" that it is to become a part of our permanent system. Even the bill under consideration is permanent in its duration and makes no pretense at being a mere temporary emergency measure.

Leading authorities of our country and many of our ablest students of governmental affairs are alarmed at what they term a sort of "palace revolution" that is going on at the seat of our Government in Washington. One of these, Mark Sullivan, in a New York publication on March 4, 1934, said:

It is certain that the revolution now under way cannot go on to completion except by getting rid of the independence of the judiciary. The revolution cannot be made effective except by getting rid of the freedom of the press and by suppressing and punishing dissent and nonconformity as thoroughly as they were suppressed during the World War. The revolution cannot go on to completion except by getting rid of the parliamentary form of government; and these are but three of the fundamental American institutions that must pass away if the revolution is to be complete and remain permanent.

Another leading publisher who is known to be friendly to the present occupant of the White House, who vigorously supported his candidacy, and who is of the same political faith as the President, in a front-page editorial within the past 10 days, stated:

We are advancing fast toward absolutism. We are retreating fast from constitutional democracy. Encroachment after encroachment upon popular liberties follow one another.

Usurpation leads to further usurpation of dictatorial authority. The President seems to think he can easily enlarge his already extended powers by merely weaving into a request for new authorizations some passing references to the "existing emergency" and the "prevailing unemployment."

This is the familiar balustrade upon which he again leans in casually asking Congress for power personally to negotiate and conclude tariff treaties without their submission to the Senate for ratification, without recommendation or guidance by the Tariff Commission, without check from any quarter, without the concurrence of any other person or official body, without revealed method or proven principle or established precedent or even thorough survey of the facts.

Autocratic authority is so substituted for constitutional prerogatives or procedure.

If Congress, in its servile desire to surrender its functions, should confer more of its powers on the President, that power in this instance should be limited strictly to the right to raise tariff rates as a reprisal for prohibitive rates or quotas imposed by foreign nations on American products.

This power would be at least the right to defend American industry. But the power to lower tariff rates 50 percent is the power to destroy American industry. It is the power to cripple the 95 percent of production and employment which supplies domestic markets in order to favor the 5 percent which competes in foreign markets.

These are strong words to come from one of the President's own party—one known to have contributed to his political success.

As a Representative of a congressional district it is my duty to know, and I am interested in knowing, just how the exercise of the power conferred on the President by this bill may affect industry in my district and in my State. Southern California is probably the greatest citrus-producing section in the world. The potential capacity of that great southwest country to produce all kinds of citrus and most every kind of vegetable products is almost unlimited. The growing of these products is the major industry and enterprise of that section, which provides gainful employment and sustenance for three or four million people. This industry has been developed over a period of some 70 years of painstaking effort, research, and study. After successive experiences of success and failure over this long period of years this industry has learned from the valuable school of applied experience that it cannot compete with the same products which can and are now being produced in the countries along the Mediterranean Sea. It has been ascertained and proven to be a fact beyond any question of doubt that these Mediterranean countries can produce and transport to the center of the United States of America competitive citrus, vegetable, and other like products at a cost of one half or less the cost of production of these products in the United States.

These American products to which I refer have enjoyed intermittently and from time to time tariffs sufficiently adequate to enable them to compete successfully with the low cost of production of competitive countries. Within my personal knowledge, however, there have been periods when this industry had not proper rates of protection. As an outstanding example during that period of the Wilson administration when the so-called "Underwood tariff law" was in existence, the tariff on lemons was only one half of 1 cent per pound. I remember the protestations of the lemon growers that they could not market their products at a sufficient price to even pay the cost of transportation much less the cost of production, interest on their investment, and so forth. The country was flooded with lemons and other citrus products from Italy and Sicily. I distinctly remember driving along the highways through the Citrus Belt of southern California and seeing piles of the finest lemons and oranges that ever grew, and that would have filled hundreds of freight cars, dumped along the highways and in the waste spaces, that had been picked to save the trees and carted away from the groves and dumped by the wayside as a total loss. The American consumers were getting their lemons and oranges from Italy and nearby countries because they could be laid down here at less cost than ours. The producers, in a state of desperation, were pleading to their Government for a tariff on these products that would permit them to live. There are, in all probability, among those who today comprise the membership of this House, some who witnessed this same spectacle as they visited southern California during that period, and who will verify the correctness of what I am here stating.

Upon the passage of the Republican emergency tariff law in 1921, which placed on lemons a substantial tariff, as well as upon other citrus and agricultural products, this tragic situation disappeared, and from that day this industry has prospered under the protective policy and has expanded and developed into one of the major industries of the whole United States. Millions upon top of millions have been invested and there is room for more. More than a million

American citizens are dependent upon this industry for a livelihood.

Mr. Chairman, I ask unanimous consent to read a letter that I have received from the California Almond Growers Exchange.

The CHAIRMAN. Without objection, the Clerk will read. The Clerk read as follows:

CALIFORNIA ALMOND GROWERS EXCHANGE,
San Francisco, Calif., March 19, 1934.

HON. WILLIAM E. EVANS,

House of Representatives, Washington, D.C.

DEAR MR. EVANS: This organization views with interest and some concern the introduction of a bill in the Congress to amend the Tariff Act of 1930. The present status of the almond-growing industry in this State, involving the livelihood of between five and six thousand orchardists, is due in a large measure to the very wise action of past Congresses in granting a considerable measure of protection to these growers against the importation of almonds from the Mediterranean Basin.

Under the auspices of the California Almond Growers Exchange from time to time the case of the almond growers has been presented to the Congress, backed up by records showing the actual differences in the costs of production and asking only for that measure of protection which would enable California almonds to compete on a basis of equality in the domestic market with imported nuts.

This has been recognized by the Congress, and while the measure of protection does not entirely equal the difference in the costs of production, nevertheless the quality of California almonds and the grades and standards, as well as the merchandising policies which have been fostered by the exchange, have enabled our growers to get an increasing share of this market without imposing a burden on the consuming public.

The exchange is of the opinion that the Congress should not forego its rights to tariff making, and that, as in the past, the Senate should reserve its right of passing on any reciprocal trade agreements, which, of course, must always involve the exercise of the treaty-making power of the Government.

No doubt you are familiar with historic efforts to promote and maintain such reciprocal agreements. Practically all of these agreements concerned agricultural products, highly competitive with those of other countries, which are eager to have the gates of our country opened to their cheaply produced crops.

This is particularly true of almonds and the other specialty crops raised exclusively in this State, or only in a few other States. These crops are not subject in the same degree to economic factors affecting the great major staple agricultural products of this country, but they do represent the chief means of livelihood of a great many thousands of American farmers who are surely entitled to equality of opportunity in seeking the domestic market for their products.

This attitude of the California Almond Growers Exchange is being expressed to you because we feel that in the coming discussion of this legislation you will want to have the opinion of your constituents directly interested in this issue.

Thanking you for your interest, and with best wishes, we are,
Sincerely yours,

By authority of board of directors of the California Almond Growers Exchange:

C. D. HAMILTON, President, Banning, Calif.
M. B. AYARS, Vice President, Paso Robles, Calif.
CHARLES DUMARS, Winters, Calif.
N. C. JESSEE, Chico, Calif.
H. C. MCMAHON, Marysville, Calif.
A. L. SCOFIELD, Merced, Calif.
GEORGE W. STURM, Orland, Calif.
JOHN H. WILLMS, Woodbridge, Calif.
HARRY J. WOOD, Modesto, Calif.
By T. C. TUCKER, Secretary.

Mr. EVANS. Now, Mr. Chairman, the question that necessarily forces itself upon me is, Do I want the power to destroy these great industries and literally wreck the efforts and lives of hundreds of thousands of people, to be transferred to any one person who may, by a single stroke of the pen, without giving those interested an opportunity to be heard and without even permitting those interested to know that he may at his will or pleasure remove this arm of protection and suddenly subject them to utter ruin?

When a kindred proposal was before Congress 3 years ago, at the time the present tariff law was under consideration, scores of Members on the Democratic side of the House, many among the Democratic leaders, came on this floor and earnestly plead against conferring a much milder power upon the President under the flexible provisions of the tariff law. They said, in all earnestness and with emphasis, that even those limited powers, which could be exercised by the President only after a thorough investigation conducted by the Tariff Commission at which all par-

ties interested had been heard, were entirely too much to confer upon any President, be he of either major party.

I have the highest regard and kindest feeling for the Chairman of the Ways and Means Committee—no finer gentleman ever presided over it—but in a speech made on May 17, 1929, in connection with the consideration of the Hawley-Smoot tariff bill, the gentleman from North Carolina [Mr. DOUGHTON] said:

In my opinion we have gone a long way too far already in the centralization of power in the Executive head of the Government. The President of the United States is now Commander in Chief of the Army and Navy; and with the great concentration of power lodged in him, giving him indirect control over the railroads and the transportation system of the country through the Railroad Commission, control of the air communication by the Radio Commission, control of the navigable streams and water power, control of the finances of the country through the Federal Reserve Board and Farm Loan Board, and now domination over agriculture through the proposed new Farm Board, with a \$500,000,000 revolving fund, every dollar of which will be expended by appointees of the President, and if this bill is enacted into law he will have the power of life and death over industry, all manufacturing enterprises, and complete autocratic power affecting agriculture.

Continuing, he said:

My friends, this is too dangerous and alarming to contemplate. With all this power vested in the President of the United States, he becomes a colossus. It is too much power and authority to lodge in any man who ever has been, is now, or ever will be President of the United States. In fact, with all this unrestricted and unlimited power he would be in a better position to overthrow our form of government and proclaim himself king than was the First Consul of France, the great Napoleon, when he overthrew the French Government and proclaimed himself Emperor.

Mr. SAMUEL B. HILL. Will the gentleman yield for a quotation from remarks by the gentleman from Massachusetts [Mr. TREADWAY] on this point?

Mr. EVANS. I will yield.

Mr. SAMUEL B. HILL. The tariff act was before the House, and I think it was on the conference report the gentleman from Massachusetts [Mr. TREADWAY] said:

I know our Democratic friends will represent, as they have done in the past, that under the flexible provision we are abrogating the rights of Congress to write tariff rates. This is absolutely incorrect and incapable of proof. Whether a Republican or a Democrat holds the exalted position of President of the United States, he is chosen for that position by the will of the majority of the people, and the confidence of the country must be reposed in his judgment. To ask him to become simply a transmitting agency to the House of Representatives of the action of the Tariff Commission is a denial of the confidence of the people in his judgment and capacity.

Mr. EVANS. I think the gentleman from Massachusetts is consistent.

Mr. SAMUEL B. HILL. He is against this bill, and the argument that I have quoted is in favor of this bill.

Mr. EVANS. But he did not say that he was willing to go this far, as far as this bill goes.

Mr. DOUGHTON. Mr. Chairman, will the gentleman yield?

Mr. EVANS. Yes.

Mr. DOUGHTON. First, I extend to the gentleman my sincere thanks for the very high compliment he has paid me as Chairman of the Committee on Ways and Means. Next, when I made that speech it was during peace times, under normal conditions, and we all know that during war times and abnormal conditions a different situation obtains, and we are now in a condition that is worse than was ever experienced during war. We know we must adopt extraordinary means to deal with extraordinary conditions. Then I again commend to my friend the comment of the great Lincoln, who said that wise men change their minds, but others never do.

Mr. EVANS. Mr. Chairman, I knew when I yielded to our fine chairman that he was going to come back to the Lincoln wisecrack, because I heard him use it under the same circumstances a few days ago.

Mr. DOUGHTON. I assure the gentleman that I do not mention that with reference to my friend from California.

Mr. EVANS. I understand that, but I must continue now with these very potent words of our distinguished chairman:

It seems that the more power men are given the more they are obsessed with a morbid gluttony for increased power. My friends, it is time to pause and call a halt, to stop, think, look, and listen before we go over the yawning precipice just ahead of us.

That yawning precipice which the gentleman saw in front of him was the flexible tariff law. The gentleman was certainly wrong when he made that speech, or he is wrong now when he is asking tenfold more power centralized in the Chief Executive.

These very same gentlemen are here today urging the passage, and will undoubtedly succeed in passing, this bill, which is a hundredfold more potential of dangerous abuse of the executive power than the provisions of the flexible tariff act. Under the present law the President can act only after a finding by an independent nonpartisan board that the difference in the cost of production justifies the change of rates.

The New York Journal of Commerce, under date of March 13 last, carried an extended article in which it was stated in substance that, anticipating the enactment of this legislation, high official representatives of the administration were now in Mexico and other Latin American countries soliciting new import trade agreements under which it is proposed to import into this country annually some 30,000 additional carloads of fresh vegetables, which will of necessity come in direct competition with the vegetable growers of the southern coast and Gulf sections of the United States. It should not be difficult to see what this will do for American vegetable producers, but the sponsors of this "new-deal" policy say, "What is the difference? If these foreign producers are more efficient and can produce at less cost, why not let them furnish us these products and we will in turn furnish them such of our products as we may be more efficient in producing than they are."

In other words, a policy of the survival of the fittest is to be applied to all industry throughout the world, which means that the small, struggling American industry, whether agricultural or otherwise, will have to give way to foreign producers, who by the advantage of low costs of production can prove themselves more efficient. This bill is designed to empower the President to lower tariffs to accomplish this purpose.

Mr. Chairman, I cannot subscribe to this policy, and the reason I cannot is that I believe in preserving American resources for Americans. If this bill becomes law, no business can be assured that its products will remain protected one day, nor will those interested have a word to say in protest to any action the President may take.

But the sponsors of this bill say that the President, in his wisdom, will never make such a ridiculous agreement as would permit such a situation to arise. No one can be certain of what may arise in our economic situation as it is today. The President may be actuated by the most laudable purposes and will undoubtedly be moved by the best intentions, but the President is no more than human and may make serious blunders if permitted to act on his own responsibility alone in a matter embodying such great and complicated ramifications. The air-mail fiasco of a few weeks ago is an outstanding example of what may happen in the exercise of arbitrary power. The most colossal blunder the Government has made in a decade—the cancellation of these air-mail contracts without giving those who had all at stake an opportunity to be heard. Now that this fine service has been practically destroyed and the lives of 11 fine young Army officers needlessly sacrificed, it has become known to unbiased minds that no actionable fraud was connected with the letting of the contracts. And suppose the contracts had been reeking with fraud. Surely those immediately connected with this service were entitled to be heard. Our law guarantees this right even to the guilty. It shows the danger of arbitrary power. If this bill becomes a law many a business may suffer the same sad fate the air-mail contractors suffered.

Let us see what is in the mind of his Cabinet officials. The Secretary of Agriculture testified before the Ways and Means Committee on this bill. The burden of his testimony

was that there were a lot of so-called, by him, "inefficient" industries in this country that could not sustain any economic justification of their existence, and that it was a mistaken economic policy to coddle these industries under a protective tariff shed to the exclusion of similar products from foreign markets which were more efficient. I say this was the trend of his testimony. Let me quote from it.

Mr. TREADWAY. Suppose you put every lace and curtain factory of the States of New Jersey and Pennsylvania out of business by this reciprocal method, how big an impression on the exportation of our goods will that make by bringing those few lace curtains into this country? Now if that is the reciprocal trade you men want to get, let us understand it.

Mr. WALLACE. On the other hand, sir, a domestic expansion in these inefficient industries will cause unemployment in the efficient industries and in our export agriculture.

Now, because of the fact there have been these groups, representing in total a very small percentage of our population, but highly organized groups for impact on Congress, it is because of that we have got in this terrible muddle, creating tremendous injustice to our more efficient—and most of our people are efficient—our more efficient exporting industries and reacting through them on this great eastern section of the population. I feel if you had responded less to these small groups, inefficient from the world point of view, that your own cities would be enormously more prosperous than they are today.

Mr. TREADWAY. Now, Mr. Secretary, you speak of inefficient small industries. Take a community, say of 50,000 people with a factory in it employing three or four thousand hands; how would you class that? Where are you going to draw the line of distinction both as to inefficiency and smallness?

Mr. WALLACE. May I refer you to the statement I made earlier in response to a question of the chairman, that of our total gainfully employed population of, say, 48,000,000, about 5,000,000 are employed by the factories of the type that might be affected to some extent by lower tariffs. I would say that that is a relatively small group; considering the gains that would accrue to the rest of the population.

Mr. TREADWAY. I think, Mr. Secretary, when you refer to small industries, if that is the type of industry it is proposed to put out of business by these reciprocal agreements and treaties, you are vitally hitting perhaps not a center of population but a very vital part of the population of this country—when you are centering your efforts to destroy industry in New England. Now let us be fair and frank about it. We have a great many small industries—under the definition you are giving us, they are small—but are not men and women employed in those industries entitled to a livelihood and not to be obliged to move out from their homes, which they have inherited from generation to generation, and to go to some big center, in order to let in some of this type of goods you are talking about—lace curtains from abroad?

Mr. WALLACE. Are they inefficient, sir?

It is perfectly clear as to what was in Mr. Wallace's mind when he made that statement. That last shot he took at Mr. TREADWAY is most significant. "Are they inefficient, sir?" That means, Mr. Chairman, that upon the passage of this bill inflated, high-powered Government officials will sweep out over this country and say to the little so-called "one-horse" manufacturer, industrialist, or what not, "You are inefficient. You could not stay in business unless you had this outrageously high tariff hovering over you. So you will have to get out and let some more efficient concern of Czechoslovakia or elsewhere produce the stuff you are producing; they are more efficient. This is a day of the survival of the fittest, applied to industry on a world-wide basis."

The Secretary of Agriculture gave the public a statement, in which he proposed an economic policy for this country, a few weeks ago entitled "America Must Choose." Every American should read and understand his words. Let me quote just a small part of this article, wherein he undertakes to tell us what is ahead. The Secretary is a member of the "Brain Trust", so reported, and he and Professor Tugwell, the chairman of the Trust, are said to have taken the lead in the drafting of this bill. The Secretary said:

Much as we all dislike them, the new types of social control that we have now in operation are here to stay. * * * By the end of 1934 we shall probably have taken 15,000,000 acres out of cotton, 20,000,000 acres out of corn, and about half a million acres out of tobacco, nearly one eighth of all the crop land now harvested in the United States.

If we continue year after year with only 25,000,000 or 30,000,000 acres of cotton in the South, instead of 40,000,000 acres or 45,000,000 acres, it may be necessary after a time to shift part of the southern population. We will find exactly the same dilemma, although not on quite such a great scale, in the Corn and Wheat Belts.

If we finally go all the way toward nationalism, it may be necessary to have compulsory control of marketing, licensing of plowed land, and base and surplus quotas for every farmer for every product for each month in the year. We may have to have Government control of all surpluses, and a far greater degree of public ownership than we have now. It may be necessary to make a public utility out of agriculture. * * * Every plowed field would have its permit sticking upon its post.

DISCIPLINE NEEDED

As yet, we have applied in this country only the barest beginnings of the sort of social discipline which a completely determined nationalism requires. * * * It is quite as serious a question whether we have the resolution and staying power to swallow all the words and deeds of our robust individualist past, and submit to a completely army-like, nationalist discipline in peace time.

Our own maneuvers of social discipline to date have been mildly persuasive and democratic. * * * Regimentation without stint might indeed, I sometimes think, go farther and faster here than anywhere else. * * * Great prosperity is possible for the United States if we follow the strictly nationalist course, but in such case we must be prepared for a fundamental planning and regimentation of agriculture and industry far beyond that which anyone has yet suggested. To carry out such a program effectively, with our public psychology as it is, may require a unanimity of opinion and disciplined action even greater than that which we experienced in the years 1917-19. * * * It may require a great amount of governmental aid to take care of people formerly engaged in import and export businesses. It will mean the shifting of millions of people from the farms of the South. But these are minor considerations, in comparison with the extraordinarily complete control of all the agencies of public opinion which is generally necessary to keep the national will at a tensility necessary to carry through a program of isolated prosperity.

These, Mr. Chairman, are prophetic admonitions. The American people—farmers and others in small communities—will be moved about like soldiers, having no choice in where they may live or what they may do to earn a living. We will be building up our great centers of population, according to the Secretary, instead of allowing the people to remain in the healthful surroundings of the country or small towns of their preference.

The Secretary is giving a mild warning to the American people of what they may expect in the application of his scheme of planned economy, which means nothing more or less than absolute Government control of all industry. He tells us that it means the carrying out of stricter rules of discipline than we experienced in 1917-19, during the World War. Most people believe that war-time authority is great enough for most any emergency, but these gentlemen are headed for still greater power than is necessary in time of war. He does not stop here. He says it will require unanimity and discipline of opinion to carry out this rule of Government control. In other words, the traditional policy of the freedom of the press is no barrier in the wake of the new deal dictators. They must have absolute control, and the freedom of the press must yield to their power.

This bill, Mr. Chairman, was drawn and handed to this Congress in its present form by the men who advocate these new, socialistic, and un-American reforms. It is just one step further in the direction of the new dictatorship, Government ownership, and socialism. It takes from the legislative branch of the Government a constitutional function which it has exercised for 150 years. [Applause.]

Mr. VINSON of Kentucky. Mr. Chairman, I yield 15 minutes to the gentleman from Pennsylvania [Mr. FADDIS].

Mr. FADDIS. Mr. Chairman, back of every question which assumes such proportion as this tariff question assumes there is a certain fundamental background, and I do not think we can properly do justice to the consideration of a question such as this unless we include in that consideration a consideration of the background. There are certain natural laws of economics the reaction of which cannot be refuted by any collection of statistics or trick figures. They are as certain in their workings and as inevitable in their results as are the movement of the planets in their orbits. To disregard these laws is as disastrous to the welfare of economics as is the disregard of the laws of hygiene dangerous to the health of the human body.

The ascent of mankind from the stage of savagery commenced when he began to exchange those of his commodities which he could secure the most easily for those commodities which were difficult for him to obtain. The mem-

bers of one tribe were hunters and were skilled in the capture of game. Living upon an unbalanced diet of game, they did not develop far mentally or physically beyond the state of the cave man. Other tribes were adept at fishing and lived upon a diet of fish. Others, because of their location and the industry of their women, eked out a meager livelihood by primitive agriculture. Each tribe also became proficient in utilizing the various byproducts of game, fish, and plants for weapons, clothing, utensils, and dwellings.

By the fact that each was limited in its scope of endeavor by the nature of its supplies, development was necessarily slow. Savage wars resulted in the endeavor of each tribe to procure by conquest certain commodities which they considered necessities. The time, energy, and thoughts of men were so occupied by the procurement of necessities and by war that they could devote none of their energies toward advancement. Because of this continual strife, it was impossible for a tribe to have a settled abode or for any member of the tribe to accumulate possessions beyond the ability of the individual to transport easily upon his person. The instinct of acquisitiveness was present but latent.

After some centuries of this kind of existence it dawned upon the feeble mind of some savage fisherman, that if he could exchange his surplus fish for the surplus game or surplus fruit of some of the neighboring tribes, he could vary his diet more easily than by fighting for it. One who subsisted by natural agriculture gained the idea that he could trade some surplus baskets for the pelts of animals. It was tried and proved to be mutually advantageous. Thus began peaceful intercourse, and tribes began to learn the language of other tribes. This made possible an interchange of ideas.

Tribes drawn together by common interests of exchange and problems of defense and cemented by a common language developed into nations. The problem of obtaining enough to eat and wear was simplified, better protection was assured, and then began the domestication of plants and animals. Storage and conservation of surplus became possible, and periods of famine became less frequent. As the problem of escaping starvation and destruction by warfare became less acute, man began to turn his mind toward an easier mode of living and the development of comforts. Art and personal adornment followed. Then followed slowly a system of education.

By the coordination of the energies of individuals roads and bridges were constructed. Beasts of burden became common, and that wonderful engine of civilization—the wheel—was invented. Small crafts grew into boats, then to ships. By this time it was quite obvious that if the interchange of commodities would improve the condition of individuals and tribes, it would also improve the condition of nations. International commerce became common and the existence of hitherto unknown commodities became known. A medium of exchange was developed by virtue of necessity. Mankind developed a desire for luxuries as well as for necessities and comforts.

It was quite natural, in this process of evolution, that each tribe or nation should produce those articles of commerce which it possessed the natural resources to produce the most easily. This is according to one of the natural inclinations of humanity—to follow the path of least resistance. This has always been the most natural trend in the world. The law of supply and demand also operated perfectly, because it was a natural law and was not interfered with by manipulation. The markets of the world possessed both buyers and sellers, and because of this healthy condition international trade flourished. From time to time these trade relations were interrupted by wars, but soon after the resumption of peace the old law of supply and demand operated to restore the former activities between nations.

The first trade barriers were physical and natural ones. Nations were content to remain within the limit of their economic possibilities. They specialized in that merchandise which they could produce the most economically and exchanged it for merchandise which other nations could produce more economically. They bought from other nations

and they were consequently able to sell to other nations. This made for conservation of effort and both nations benefited by the transaction. After a time a new factor was injected into the situation of international trade. This was the tariff. This being purely an artificial factor was bound to create disturbance.

Then came the World War, which, owing to the advance in armament and mechanics, interfered with world commerce to a degree which was a revelation to the world. At the end of the war, among the other facts which had been made plain, far above all others, was this: Any nation which depends upon any other nation for any appreciable amount of its important commodities is at the mercy of that nation in time of war. This is an alarming fact, and as soon as it became generally understood a desperate effort was made by all nations to become as nearly self-sufficient as possible. In order to further this movement protective tariff walls were erected; free trade has become a thing of the past, and international division of production has diminished to the point where the laws of economy are no longer operative.

The effort to increase the security of nations by rendering them self-sufficient has not been a success as a general thing. It is only possible in the case of a very few nations, and in these cases can never be fully accomplished. The movement has resulted in seriously curtailing international commerce, because it has filled the markets of the world with those wishing to sell merchandise but has taken the purchasers of merchandise away. In such an unhealthy condition it is impossible for international commerce to flourish. Production within nations has been developed to the point where home markets are supersaturated and huge surpluses have accumulated. It is one of the laws of economics that the price of a product depends upon the price of the surplus of that product; therefore because of this surplus merchandise is cheap. In order to compete still cheaper merchandise must be produced.

There are three methods of producing cheap merchandise—they rank as follows: Cheap labor, mass production, or a combination of cheap labor and mass production. The world as a whole is working under the last of these methods. Cheap labor lessens the buying power of the worker. Mass production produces still more surplus which is thrown upon a falling market. This surplus forces the prices of commodities lower. In order to compete industry must increase production and at the same time install labor-saving machinery and lower wages. This is burning the candle at both ends.

Interchange of commodities began with the desire of man for more necessities. It grew when this desire developed into the desire for comforts, and the instinct of acquisitiveness began to assert itself. It flourished when this desire grew into the demand for comforts and the desire for luxuries. It flourished abundantly when mankind demanded both comforts and luxuries, and mankind is at this position along the road of evolution today in regard to his desires and inclinations. Just as the development of the body of an individual may be disturbed by the abnormal development of some one of the glands of the body, even so has the evolution of the human race been disturbed by the abnormal development of the instinct of acquisitiveness.

Throughout the process of evolution, even as nations assisted by fortunate combinations of circumstances specialized and became proficient along certain lines of industry, likewise certain individuals within these nations assisted by fortunate combinations of circumstances became more proficient along certain lines of endeavor. The development of certain instincts was more prominent in some of these individuals than in others. The acquisitive instinct developed to a higher degree among small numbers and these aided by conditions, acquired the power to control trade relations, both within and without their nations. The interests represented by these individuals, under the plea of protection of home industry and domestic labor, have long been engaged in the erection of tariff barriers among the markets of the world. Following the World War they were further aided in their endeavors by the desire of all nations to achieve

self-sufficiency. We see the result of their handiwork. The markets of the world are in a stagnated condition. Every one is seeking to sell. No one wishes to buy. Wages are low. There is a vast surplus of labor. The buying power of the entire world has been seriously curtailed. Certainly no one can maintain that this is prosperity. Surely no one can defend the system responsible for this condition or assert the desirability for its continuance.

We can only achieve prosperity by restoring the buying power of the masses of the people. Comforts and even luxuries of yesterday are necessities of today. Necessities of the future are as yet undreamed of. It is a fact of history that the desires of mankind will be fulfilled as they develop—providing a medium of exchange is available—and they will never cease to develop. The satisfaction of the demands of humanity will employ labor, which being employed will develop more desires. This is one of the cycles upon which the universe operates and, if uninterrupted by artificial manipulation, needs no more regulating than does the solar system.

This question of the readjustment of tariffs is the most important question before the country today. To recover from this depression we must, in connection with other nations, restore the markets of the world to a healthy condition. We have millions of unemployed, and their earning power must be reestablished. In order to do so we must increase our exports. The only way in which we can do this is to increase our imports. If we are to sell our surplus products abroad we must be paid for them in American dollars. No foreign money will discharge obligations in the United States. It is quite obvious in the light of the present condition of foreign credits that we cannot loan money abroad in order that foreigners may purchase from us. We have had enough of that.

There is only one other way to put our money in the hands of foreign merchants. That is to buy their merchandise. Every dollar spent in foreign lands eventually will return to the United States to purchase American products. That is as inevitable as the movement of the stars in the firmament. No economist can deny it. A merchant may take American money abroad and purchase foreign money with which he purchases foreign products. The man who by this transaction acquires the American dollars cannot convert them into foreign products or real estate except by exchanging them for foreign money. In the due course of events they must return to the United States to purchase American merchandise.

The usual argument is that every purchase of foreign merchandise by American dollars curtails the opportunity for Americans to make and sell these goods. This is quite true. On the other hand, it does provide an opportunity for Americans to make and sell other goods; because the foreign merchant who sells has a medium of exchange which he must spend in America. This produces a sale for American goods produced in America by American workingmen.

The advantage of such a transaction is more profit, hence more employment and higher wages to both parties in the transaction. This was the primary reason for exchange of commodities between individual tribes and nations from the very beginning of commerce. That reason is still as logical as ever.

When one man buys from another it is because he can do so more advantageously than he can produce the goods himself. History proves to us that because of certain conditions peculiar to certain sections, certain commodities can be produced more cheaply and of better quality than they can be produced anywhere else. For instance, it would be possible by the erection of greenhouses for Pennsylvania to produce pineapples or bananas of a kind. It would, however, be exceedingly uneconomical. By producing the proper artificial conditions it would be possible for those sections producing bananas or pineapples to produce apples, but at a prohibitive cost. Certainly it is more advantageous for these two sections to purchase these commodities from each other. This illustration is an exaggerated one, but applies in some

degree to any line of industry. Those who can produce the most economically can sell the cheaper. There can be no denying this fact. Efforts to compete where competition is uneconomical results in a lowering of wages.

Labor is the sufferer, and because of the reduction of the buying power of labor the Nation and the world also suffers. No one can deny that the prosperity of the Nation is directly dependent upon the prosperity and buying power of the laboring classes.

This question of a tariff policy is a complicated one. It is one calling for careful research and for decisions uninfluenced by any sectional desires. It is one to be considered from a world-wide viewpoint, and must be approached in this manner. Consideration must also be given to the protection within countries of certain essential industries and in the United States to maintaining our present high standard of living. The percentage of return for labor in industry must also ever be borne in mind, as under our present system labor has never received its just and fair share of the profits of industry. The greed and rapaciousness which is due to the acquisitive instinct of man must be curbed in order to insure that labor shares in the spread.

This is not a matter which can be satisfactorily disposed of in Congress. No Congressman has the time to make a detailed study of this matter in order to acquaint himself with the facts. Congress as a body does not have time to take up the consideration of such an intricate question and to do it justice. It is a matter for slow and careful consideration. It must be gone into cautiously, step by step, with the idea of a general plan. Congress cannot do this, for in this country the tariff is to each Member of Congress a local issue. The tariff has always been a logrolling issue. Such an issue can have no general plan, and without a general plan the issue can never be settled. We must have a national tariff policy. At the present time we can have it in no other way except by giving the authority to formulate it to the President. Other Presidents have seen the necessity for this and have advocated it. The influence of the lobbyist for the powerful exponents of a high tariff must no longer be allowed to stand in the way of the peace and industrial recovery of the world. If they continue to do so, it is only a matter of time until a world-wide deluge of the unemployed and oppressed of all nations will break forth and engulf all those within whom the instinct of acquisitiveness has developed into a cancer of avariciousness, which has erased from their hearts and minds all consideration of the rights of humanity in general. If this time ever comes, as it may, the responsibility will rest upon those who by their lack of sympathy for their fellow man, their insatiable greed and lust for power, have made the conditions of the masses of the people unbearable. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. PARSONS, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had had under consideration the bill H.R. 8687, to amend the Tariff Act of 1930, and had come to no resolution thereon.

DEPARTMENT OF STATE, ETC., APPROPRIATION BILL, 1935

Mr. OLIVER of Alabama. Mr. Speaker, I present a conference report upon the bill H.R. 7513, making appropriations for the Departments of State and Justice, and for the judiciary, and for the Departments of Commerce and Labor, for the fiscal year ending June 30, 1935, and for other purposes, for printing under the rule.

AGRICULTURAL ADJUSTMENT ACT

Mr. DOXEY. Mr. Speaker, I present a conference report upon the bill (H.R. 7478) to amend the Agricultural Adjustment Act so as to include cattle as a basic agricultural commodity, and for other purposes, for printing under the rule.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed without amendment a bill of the House of the following title:

H.R. 5863. An act to prevent the loss of the title of the United States to lands in the Territories or Territorial possessions through adverse possession or prescription.

The message also announced that the Senate requests the House to return to the Senate the bill (S. 1699) to prevent the loss of the title of the United States to lands in the Territories or Territorial possessions through adverse possession or prescription.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7966) to authorize the Postmaster General to accept and to use landing fields, men, and material of the War Department for carrying the mails by air, and for other purposes.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 7599) to provide emergency aid for the repair or construction of homes and other property damaged by earthquake, tidal wave, flood, tornado, or cyclone in 1933 and 1934, disagreed to by the House, agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. McAdoo, Mr. LONERGAN, and Mr. KEYES to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7513) making appropriations for the Departments of State and Justice and for the judiciary, and for the Departments of Commerce and Labor, for the fiscal year ending June 30, 1935, and for other purposes.

RECIPROCAL TARIFF AGREEMENTS

Mr. DOUGHTON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H.R. 8687, to amend the Tariff Act of 1930.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H.R. 8687, with Mr. PARSONS in the chair.

The Clerk read the title of the bill.

Mr. EVANS. Mr. Chairman, I yield 20 minutes to the gentleman from Pennsylvania [Mr. Beck].

Mr. BECK. Mr. Chairman, the consent just given me to revise and extend my remarks will relieve me of the necessity of making, as I had hoped to do, an argument at some length and in some detail as to whether there is any constitutional power in the Congress to transfer its taxing power to the President. I had indulged the hope that I would have that opportunity, but for several reasons, including permission to extend, I shall not at this late hour Saturday afternoon thus impose upon my indulgent colleagues. In the first place, the time now allotted to me for such an argument is too short, and I would be like the old farmer in New York State who entered his farm nag in the Saratoga races. When his horse came in last he was asked to explain his poor showing. He replied that "the course was too long and the time was too short." [Laughter.]

That is true of the length and breadth of a subject as great as the fundamental question of taxation, and it is also peculiarly applicable to the time allotted to me.

In the second place, the gentleman from Massachusetts [Mr. Treadway], although not a lawyer, has made such an admirable argument against the constitutionality of this measure that I am afraid that if I attempted to argue along the same lines I would simply be repeating that which he said with greater deliberation, and presumably, therefore, with greater precision.

But the third reason is the consciousness that has been borne upon me ever since my service in the House of Repre-

sentatives as to the futility of any argument as to the constitutional powers of Congress or as to the sanctity of the Constitution itself, so far as voting is concerned. I do not doubt that many Members of this House do take what is an academic and sentimental interest in the Constitution as it came from the master architects of our Government, but, as far as affecting a single vote is concerned, I have yet to discover that any effort of mine or any effort of any other Member of the House has ever changed a vote in respect to a question, where the doubt was purely that of constitutional power.

In this connection I am reminded of the facility with which changes of opinion can take place in matters of constitutional powers, although they concern the oath that we all take when we come into this House to defend and protect the Constitution of the United States.

Today an extraordinary change has taken place on the Democratic side of the aisle, to which already the gentleman from California [Mr. EVANS] has made extended and most effective reference. I refer to it again because it brings to my mind an experience—I will not say of some bitterness, because it is more amusing than otherwise. In 1929 a far more defensible proposition was under consideration of this House to vest such a power in the President upon advice of the Tariff Commission, a legislative auxiliary of Congress in the function of imposing taxes. When that proposition was made in 1929 I recall the vigorous attack that was made by the entire Democratic side of that Congress against this lesser and more defensible proposition, which it regarded as subversive of our institutions. I was so impressed with the arguments then made by the distinguished Chairman of the Committee on Ways and Means [Mr. DOUGHTON] and by the gentleman from Alabama [Mr. BANKHEAD], who closed the debate, and by our former colleague, Mr. Crisp of Georgia, and by the Democratic floor leader, Mr. Garner, that I concluded that the Democratic view was right, and, somewhat, to the consternation of my Republican colleagues and possibly to the surprise of my constituency, I made a speech on May 22, 1929, in which I supported the Democratic view. Now I am left alone, like a deserted and forlorn bride on the church steps. [Laughter.] I stand today, where I stood then, in defense of the constitutional prerogatives of Congress. The Democratic Party has deserted me. Why did they then strain at a gnat, now to swallow a camel? You will remember Lady Teazle said to her would-be seducer, "It may be well to leave honor out of the question." So in this matter the Democratic members of this House must leave consistency out of the question. [Laughter.] I appreciate we cannot always be consistent for we are all in the swift current of events which may be likened to the River Mississippi in a period of a spring freshet, where the muddy stream is overflowing the boundaries of the river and pours on to some unknown destination in muddy swirls and eddies.

I quite appreciate, therefore, that under the tremendous impact of this economic depression it may be no impeachment either of the sincerity or patriotism of the Democratic Members of the House that they are today taking a precisely opposite position to the one which they took in the preceding Congress, when a far more defensible proposition was under consideration. However, they could be at least more modest in advocating today what they attacked in 1929 and less enthusiastic in surrendering the prerogatives of Congress. Of course, it only goes to prove that the age of miracles has not passed [laughter]; because, while it was a miracle when Paul went to Damascus and was stricken with a strange light and forthwith he, the persecutor of the brethren, became their foremost apostle, is not the collective conversion of the Democratic side of this House, which we are now witnessing, a greater miracle?

There is another reason why I have done the House the great kindness of not making the argument as to constitutionality that I had in mind, but am contenting myself with some more general observations. We are living in strange times, when one can no longer with any confidence make predictions as to what the Supreme Court will do. I am confident that the Supreme Court, if it adhered to its

decisions of many years, could not find any justification in the Constitution for the complete and absolute transfer of the taxing power upon imports from the Congress, where the Constitution placed it, to the Executive; but I say we are living in extraordinary times, when not merely Congress and the Executive are floating down this swollen and seemingly irresistible stream of events, to which I referred, but even the Supreme Court seems to be finding difficulty in resisting the fearful current of a world catastrophe.

Until a month ago it had been the settled rule of that Court, recognized in many decisions—a perfect beadroll of authority—that there was a clear distinction between a natural monopoly that was impressed with a public use, and the ordinary avocations of men. As to the former it was within the legislative power, notwithstanding the fourteenth amendment, to regulate the rates that could be charged by these natural monopolies; but as to the latter, as to the larger number of men who deal in the necessities of life, like milk, bread, coal, wheat, or cotton, the Court had for a half century consistently held that there was no power, in view of the prohibition of the fourteenth amendment, in a State, to determine at what price an individual could sell his product.

When a month ago the Supreme Court of the United States, in the so-called "New York Milk case", calmly discarded its decisions of 50 years, and did not even pay to those decisions the ceremonious respect of a funeral oration, it laid down the principle that not only in respect of natural monopolies, but in respect of all the products of human labor the State has a power to determine the price at which a man shall sell. I regard that decision as astounding and disconcerting as any decision since the Dred Scott decision. The latter abrogated a political settlement of over 30 years; the former discarded decisions of a half century, and virtually expunged the fourteenth amendment from the Constitution for most practical or conceivable purposes. Therefore I would not risk the little reputation I may have in this House as a prophet by denying the possibility that this great Court might not, as a concession to the times, accept this law, if it should arise in a litigated case.

Does our responsibility end with the assumption that the Supreme Court might, especially if it were called upon to decide the constitutionality of this law under the present abnormal conditions, sustain the law? Does our responsibility then end?

There are two great fields of constitutional law. In one of them the Congress has primary responsibility, but the Supreme Court has the ultimate and final decision. Those are the constitutional questions that are said to be justiciable; and therefore, when such a question comes before the Court in a litigated case, the Court can only compare the statute with the Constitution and, if the statute conflicts therewith, declare it invalid.

But the one thing that we often ignore, not only in this House but in all public discussions, is that outside of the field of purely juridical constitutional law there is a vast field of governmental action, in which the most important constitutional questions can be raised, and in this field of power the Congress has not only the primary but it is the ultimate and exclusive authority, and the Supreme Court is incompetent to act. I refer to the field of what are called political or nonjusticiable questions. For example, it is undoubtedly true that when Congress was given the power to make appropriations to enable the Executive to function, that the constitutional duty was put upon the Congress to pass the appropriations; but if Congress refuse to do so, the question would be nonjusticiable, because fulfillment of that duty rests in the conscience of the Congress and could not possibly be the subject of a judicial decision. The only appeal is to the people.

Assume that the Supreme Court would accept an absolute delegation of the taxing power to the Executive to be exercised by the President in the form of a treaty without the consent of the Senate—and in ordinary times it never would—yet it does not alter the fact that upon the Members of this House is the responsibility, under our solemn oath of

office, to determine in the light of the Constitution and according to the basic principles of English-speaking liberty, of which the Constitution is but one expression, whether we are prepared to turn our backs upon 500 years of struggles for liberty by the English-speaking race and vest an absolute power of taxation in respect to imports in the Executive. This question was the origin of the British Parliament, well and properly known as the "Mother of Parliaments." Parliament came into existence because the English people were not content that the Crown could impose any tax without the consent of the representatives of the people. And that struggle has gone on from the time of the Plantagenets down to King George V, because in the last crisis in English history, involving the attempt of the House of Lords to reject a budget that had been passed by the House of Commons, Prime Minister Asquith advised the King that if necessary the King must appoint enough peers to give a liberal majority in the House of Lords to sustain the right of the House of Commons to impose taxes; and, ultimately, as you know, the crisis was solved without such an extraordinary act on the part of the King; and it was solved by the reaffirmation of the principle, that a money bill must be the subject of action by the House of Commons and could not be transferred or vested in any other body.

Go back to our own Revolution, which made us a Nation. We did not object to regulations of commerce by Great Britain. We did object to the attempt to tax us by legislative assemblies in which we had no representative; and it was for that principle that we fought seven long years; for that the agonies of Valley Forge were endured, and the crowning triumph of Yorktown was gained. Yet, now, in a moment of hysteria, for that is what it is, in an economic crisis (undoubtedly grave, but not so grave as the crisis of which the Constitution was born), not so grave as other crises in American history in which the industries of this country were far more prostrated, we are prepared to abandon a basic rule of taxation and also a fundamental principle of our Constitution that no treaty, that shall bind the faith and credit of the United States to a course of action with another government, shall be valid unless it have the concurrence of two thirds of the Senate.

We are thus confronted with the possibility of a double violation of the Constitution.

Please remember that there is no question about the President's power to negotiate all the trade treaties he wants, because his power of negotiation is as surely vested in him as is the power that Congress exercises to impose taxes, but when he negotiates, and he can negotiate with any nation for reciprocal exchange of imports and of duties upon imports, he must return it to the Senate for its approval, and if it involves changes in taxation it must be returned to the House, because the power to originate any tax is the ancient privilege of the House of Representatives and the final power to impose the tax, whether in accord with a trade agreement or not, is the greatest of all prerogatives of Congress itself. Therefore, there is no objection to the President, if he feels he can improve our economic situation, making a tariff treaty with Germany, with France or any other nation; but we do object to the President's having the final authority without submitting it to the Congress of the United States and to that body of the Congress which has the peculiar right to say when we shall commit ourselves to binding agreements with other governments in matters of legislative policy.

[Here the gavel fell.]

Mr. KNUTSON. Mr. Chairman, I yield the gentleman 10 additional minutes.

Mr. BECK. I know there are many trade agreements that do not require either the action of the Senate or the action of the Congress, because they are trade agreements of a peculiarly executive character. And there is the line of distinction. You may have an agreement that if such-and-such country will provide certain facilities for the entrance of our vessels we will do the same thing in our ports of entry, or any other method of commercial comity between nations, but when an act essentially legislative is

involved, and the highest of all legislative powers is the power to impose a tax—you cannot destroy the right of the Senate to concur and the right of the Congress to impose the tax stipulated by calling it a trade agreement, because this would be merely juggling words and would not answer the quite obvious intention of the Constitution.

There is no room in the American system for one-man power, and this was decided at a time when we had a leader who could, if anyone, have claimed one-man power, although he never did—that man of incomparable virtue, probity, and sagacity, the first President of the United States—but it was not proposed to give any such power to the President of the United States, even though he were George Washington. Therefore all legislative power was vested in a Congress by the Constitution.

The executive power was vested in a President, and the Executive was to be limited in his negotiations and conduct of foreign relations by the provision that not merely a majority of the Senate but two thirds of the Senate must concur before the freedom and independence of this country was compromised, because every treaty in a measure compromises the independent action of a country. I do not mean that this ought not to be so. I simply say if I agree with another man I will do a thing, as a man of honor, I have limited my own independence of action by the obligation of my promise, and so a nation limits its independence when it agrees in a treaty that it will take a certain course of action. Therefore the framers of the Constitution were not willing, unless two thirds of the Senate concurred, that there should be any commitment of this country to a future course of action with any nation. They made no exception in the matter of taxes. The commitment was just as applicable as to what duties should be imposed with reference to taxes as upon any other subject.

[Mr. WOODRUFF. Will the gentleman yield?

Mr. BECK. Yes; certainly.

Mr. WOODRUFF. I think before the gentleman takes his seat he should explain to the House the difference between a so-called "trade agreement" between nations and a treaty between nations, because, after all, any agreement between nations seems to me to be a treaty. If there is a difference, I hope the gentleman will give the House the benefit of his views on the question.

Mr. BECK. I have tried to do so in what I have already said by stating that whether the treaty or the trade agreement is one that must go to the Senate depends upon whether it relates to matter that the Constitution has committed to the executive branch of the Government; but when it refers to matter that requires action of a legislative character, it does not matter how you label it. Our State Department is the organ of our foreign affairs and can make many agreements with foreign countries of an executive character that do not require the concurrence of the Senate, but when you come to examine them, you find they are all parts of the executive function in seeing that the laws are faithfully administered and in the conduct of our relations with foreign countries.]

Let us stand by the Government of the fathers and trust to the composite patriotism and intelligence of the Congress of the United States. It may err, it often does. It may be inefficient, it often is inefficient; but its wisdom is better than the wisdom of any one man and we will find it out sooner or later. [Applause.]

I now yield to my friend from North Carolina.

[Mr. DOUGHTON. The gentleman is learned in the Constitution, able and adroit in debate, but it appears to me that the gentleman strains the point by using the term with respect to this bill "imposing taxes." What is there in this bill that authorizes the President to impose any new taxes? He may raise or lower the present tax, as he can under section 336 of the present law, but he cannot impose any tax, and the gentleman has used that term more than once.

Mr. BECK. I used it because, if you will look through form to substance, that is the effect.

Let us suppose the tax on sugar is 3 cents a pound—I do not know what it is.

Mr. KNUTSON. Two and twenty one-hundredths cents.

Mr. BECK. Let me use 3 cents for the purpose of illustration. When the Congress says that the tax shall be 3 cents a pound on sugar and then gives to the President, whether under the old Tariff Commission or without the Tariff Commission, as this law provides, the power, either to increase that to 4½ cents a pound or to decrease it to 1½ cents a pound, then this has happened: Congress has only nominated a tax, the President has ultimately determined it, and especially if he increases the tax to 4½ cents per pound, he has imposed a tax to the extent of 1½ cents a pound.

Mr. DOUGHTON. I know the distinguished gentleman can differentiate between increasing or lowering a tax and imposing a tax. I know the gentleman can distinguish between the two propositions. We all understand what is meant by increasing or decreasing a tax, but the gentleman used the words "imposing a tax" and used them more than once, and I maintain that in this bill there is no power given to the President to impose any tax.

Mr. BECK. If the President does not impose a tax after he has made his agreement with foreign nations, who does?

Mr. DOUGHTON. The tax is already imposed by the Congress, and the President can raise or lower it to the extent of 50 percent, but he cannot take an article off the free list and put it on the dutiable list or take an article off the dutiable list and put it on the free list. Under this bill the President cannot impose any tax, and the gentleman knows that.

Mr. BECK. But I do not know it. After all, we are simply disputing about terms. I say that when the President increases a tax by 50 percent he has imposed a tax, at least to that extent.

Mr. DOUGHTON. If the gentleman cannot discriminate between imposing a tax and increasing or decreasing an existing tax, of course, we can never get together.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. VINSON of Kentucky. Will the gentleman yield?

Mr. BECK. Certainly.

Mr. VINSON of Kentucky. I simply wanted to know what the gentleman's opinion was as to the maximum and minimum rates of the Payne-Aldrich bill?

Mr. BECK. I would have to look at the act, as I do not recollect them.

These changes in our form of government, whereby the Executive Office is immensely expanded and the powers of Congress, as the great council of the Republic, are sensibly diminished, give me great concern. They are the results of a subtle change in our Government, which has been in progress in the last 50 years and which has been immeasurably accelerated in the last 12 months.

In 1887, three years after I was admitted to the historic bar of Philadelphia, that city held a great celebration, and with its characteristic hospitality was the host of the Nation. It was the centennial celebration of the adoption of the Constitution of the United States.

For a whole week Philadelphia was en fete.

September 17, 1887, is an imperishable memory with me. On that day many thousands gathered in front of Independence Hall to celebrate the exact hundredth anniversary of that day in Philadelphia when the weary members of the convention, having exhausted the possibilities of compromise, reluctantly signed their names to the great document and submitted it to the people for their decision.

President Cleveland, ex-President Hayes, and all the members of the Supreme Court were present, together with many Members of the United States Senate and House of Representatives, and other able dignitaries, prelates, educators, and publicists from all parts of the country. President Cleveland delivered a memorable address, and then Mr. Justice Miller, of the Supreme Court, delivered the formal oration.

I have recently glanced through the two ponderous volumes edited by Hampton L. Carson, of the proceedings of

that notable celebration, which lasted for the greater part of a week. That which greatly impressed me was the fact that there was then nothing but the most unbounded optimism, not merely as to the surpassing merit of the Constitution, which seemed to them a flawless masterpiece, but also as to its assured permanence. Mr. Gladstone's oft-quoted tribute on that occasion was the verdict of all there present, and all seemingly felt that the troubles of the Constitution had now been happily adjusted, that the pendulum that had at first swung to a rigid construction and later to a liberal construction, had now reached the point of stabilization, and that in the future there was nothing for the Constitution except smooth seas and cloudless skies.

Dr. Oliver Wendell Holmes wrote a poem whose refrain was—

While the stars of heaven shall burn,
While the ocean tides return,
Ever may the circling sun
Find the Many still are One!

And this proud, but somewhat magniloquent boast was echoed in a new national hymn, written by F. Marion Crawford, whose refrain, chanted by a thousand voices, of which I was one, was—

Thy sun is risen, and shall not set
Upon thy day divine!
Ages of unborn ages yet,
America, are thine!

Few there present ever dreamed that the power of taxation—the most potentially destructive of all powers—would one day be vested to a large extent in the Executive.

Two minor notes alone were then sounded. At the banquet given to the Supreme Court of the United States by the bar of Philadelphia, the chief justice of Pennsylvania, addressing himself to the Chief Justice of the United States, appealed to the latter to preserve, by judicial decision, the boundary which the Constitution had prescribed between the powers of the Federal Government and those of the States. He said:

Mr. Chief Justice, you and your distinguished colleagues, with whose company we are honored today, have it in your power to do very much toward preserving intact the line of distinction between the Federal and State courts as marked out and defined by our fathers. You are the conservative element of the Government. The lofty tableland upon which you stand is far above the atmosphere engendered by politics. The waves of popular clamor break harmlessly at your feet. The Supreme Court of the United States is the central sun of our judicial system. Your permanent position and conservative surroundings eminently fit you to preserve the nice distinctions of the Constitution. There has never been, and I trust there never will be, a serious conflict between the Federal and the State courts. It can best be prevented in the future by preserving the line that has always existed between them, and by rendering unto Caesar the things only which belong to Caesar.

In this appeal to Chief Justice Waite, the chief justice of Pennsylvania was evidently under the illusion that the Supreme Court of the United States could effectually preserve the Constitution of the United States in a Nation which was essentially democratic in spirit.

I think the two great illusions of American history are the rooted ideas that the Constitution with its nicely prescribed boundaries of power could long limit the vagaries of democracy, and that the Supreme Court could effectively keep the American people within these prescribed boundaries of power. Nearly 2,000 years ago Aristotle had taught us that if a constitution conflicts with the ethos or genius of the people, it is the constitution that is broken in the conflict, and no better illustration can be given of this truth of the great Greek philosopher than the fate of the eighteenth amendment.

It is no less an illusion to suppose that the nine Justices of the Supreme Court can enforce the Constitution. In this period of rapid change, one can say of this august tribunal, in the words of Omar Khayyam:

Lift not thy hands to it for help—for it
Rolls impotently on as thou or I.

The reason for this is obvious. The Supreme Court cannot even interpret the Constitution unless there comes before

it a litigated case, and many unconstitutional laws are passed by Congress which never give rise to a litigated case.

In the second place, there are many questions of interpretation which involve questions of a political or nonjusticiable character.

In the third place, the powers of the Federal Government are given for specific purposes and cannot, theoretically, be used for any other purpose; but if Congress uses such a power to accomplish an end that is within the reserved powers of the States, how can the Supreme Court determine the motives which prompted the legislation? That Court has not yet finally answered that question.

Apart from these three main considerations, the Supreme Court is not, and never was, a wholly independent body. It does not remain proudly in its seat of justice, as did the old senators of Rome, when the Goths and Vandals invaded the Imperial City. The Court is a very human institution; and while it is not true, as Mr. Dooley suggested, that it "follows the election returns", yet it cannot be indifferent to the deep currents of social changes, nor can it even be wholly deaf to the rumblings of popular discontent.

Undoubtedly the Court has done much to preserve the Federal Government from attempts of the States to invade the Federal sphere of power, but it has been largely ineffective in defending the States from the encroachments of the Federal Government. The proof of what I say, which may seem to many of you heretical, is the fact that while Congress, from the beginning, has passed thousands of laws for which it had no perceptible grant of power, the Supreme Court has only invalidated about 50 Federal statutes in all its history.

Recurring again to the constitutional celebration of 1887, at a dinner given by the learned societies of Philadelphia to the distinguished guests of the city, a more pointed speech was made by Charles Francis Adams, of Massachusetts. He, alone, pointedly warned those assembled that the centripetal influences of a mechanical civilization were fast destroying the constitutional equilibrium of our dual Government, and he added:

From the very beginning there have been two views of the Constitution—the liberal view and the strict view. In the first Cabinet of Washington, Hamilton represented one side of the great debate, which has gone on from that day to this, and Jefferson the other. Both parties to this debate have, I submit, been for a part of the time right; both have been for a part of the time wrong. The unexpected occurred—steam and electricity have in these days converted each thoughtful Hamiltonian into a believer in the construction theories of Jefferson; while, none the less, events have at the same time conclusively shown that in his own day Jefferson was wrong and Hamilton was right. * * * It is from the other side of the circle that danger is now to be anticipated; everything today centralizes itself; gravitation is the law. The centripetal force, unaided by government, working only through scientific sinews and nerves of steel and steam and lightning—this centripetal force is daily overcoming all centrifugal action. The ultimate result can be by thoughtful men no longer be ignored. Jefferson is right, and Hamilton is wrong.

As we look back upon that celebration in a cloudy vista of 47 years, it is clear that only Charles Francis Adams showed any clear foresight as to the future. This is not said by way of reflection, for the greatest political thinker of the nineteenth century, Prince Bismarck, once said that the wisest statesman could not see five years in advance, and on another occasion he said that no statesman can ever tell what cards Fate holds in its hands.

This is strikingly shown by the celebration to which I am referring. Its indiscriminating optimism showed no appreciation of the fact that the Constitution in 1887 was about to enter into a phase of development which would convert within a half century our federation of States into a unitary socialistic State.

The ancient boundaries of power were soon to be obliterated and the basic ideals of the framers of the Constitution were, less than a half century later, to be flouted as obsolete. In its practical operations government is more concerned with trade and industry than with any other phase of life, and it is noteworthy that when the centennial celebration took place in 1887, Congress for a century had

never attempted to exercise affirmatively any power over interstate commerce by regulating statutes. The operations of the commerce clause were restrictive upon State legislation and purely negative.

The number of cases which arose under the commerce clause up to 1860 were only 20. Thirty years later there were 148, and since then the number has been so multiplied that most constitutional cases today arise either under the commerce clause or under the fifth or fourteenth amendments.

The beginning of the new era was the creation of the Interstate Commerce Commission on February 4, 1887. There were not wanting those who clearly foresaw the bureaucratic Frankenstein that Congress was about to create. For example, Senator Morgan, of Alabama, said:

I admit all that has been said about the wrongs and injustice that people have suffered through the overbearing insolence and oppression of the railroad companies. Their greed is destructive to the people and the governments from whom they derived their powers; but in finding a remedy for this evil I neither wish to find for the people a new master, remote from them and their influence, in the Congress of the United States, nor to place in the hands of that master a power over their trade and traffic more dangerous than the power of the railroad companies.

A few years after the creation of the Interstate Commerce Commission came the Department of Agriculture, and 3 years later came the passage of the Sherman antitrust law, and these three laws were only the prelude to a continuing policy of bureaucratic regulation under which the Federal Government assumed control over the farm and factory and even the life of the individual.

The mighty changes in our constitutional system which have taken place in the last half century have been effected principally in three ways.

The first has been the perversion of Federal powers to destroy the reserved rights of the States. This has been largely accomplished through the taxing power and the power over commerce.

The second and more destructive method has been the abuse of the power of appropriation, and this has proved the most vulnerable tendon of our Achilles.

From the beginning the Government, the Congress, from time to time, made appropriations for purposes that were not within the Federal field of power, but in most instances they were justified as purely philanthropic and humanitarian gifts. In the last half century our Federal bureaucracy has grown by leaps and bounds because Congress has realized that in appropriating money for non-Federal purposes they could assume an incidental right to supervise the uses of the money, and thus the Federal Government immensely expanded its operations. For example, the Department of Agriculture can have no constitutional justification except insofar as interstate or foreign conveyance of agricultural commodities are concerned, but this stupendous Department, which now spends far more money each year than the whole Federal Government spent in 1887, supervises the conditions of the farm and the methods of production to such an extent that even the intimate personal life of the farmer is sought to be influenced by its Bureau of Home Economics.

In recent years a third and more alarming doctrine has been introduced as a justification for Federal usurpation, and that is the doctrine of emergency. It was long ago said by Justice Field, in his dissenting opinion in the *Legal Tender* cases:

What was in 1862 called the "medicine of the Constitution" has now become its daily bread. So it always happens that whenever a wrong principle of conduct, political or personal, is adopted on the plea of necessity, it will be afterwards followed on a plea of convenience. . . . From the decision of the Court I see only evil likely to follow.

What he said seems especially applicable to the present doctrine of emergency. This doctrine was once characterized by the Supreme Court in the case of *Ex parte Milligan* as easily the most pernicious of constitutional heresies, but it now threatens to be so firmly embedded in our form of government that unless this Nation returns to the beaten tracks of the Fathers, which at the moment seems improbable, it is within the power of the President, not merely to declare

an emergency, but to create one, and having done so, to overturn our form of government by claiming for the Federal Government all power deemed by the President to be essential to end the emergency. This is not a prophecy; it is a present fact.

It may yet prove to be the beginning of the end of our form of constitutional government, and this has come within 47 years after the American people in 1887 celebrated the adoption of the great compact with such generous acclaim and unbounded optimism, and largely in the space of a short 12 months. If so, we no longer have except in form a written Constitution, and we now realize the pointed warning that Chief Justice Fuller gave in his great dissenting opinion in the *Lottery Case*, "It is with governments as with religions, the form often survives the substance of the faith."

What now is beginning to concern the thoughtful American is the future of that Constitution. Freely conceding that it never was and never could be rigid and inelastic, is it to grow in wisdom or perish in folly? Are we today rising to greater heights of constitutionalism, or are we descending into that Avernus of destruction from which escape to the upper air is so difficult?

We are passing through an economic crisis of exceptional gravity. It is not the worst economic crisis that our Republic has experienced. Indeed, the economic crisis which prevailed at the time the Constitution was formulated was far graver than the present one, for at that time the credit of the American Commonwealth had fallen so low that men derisively papered their houses with the worthless continental currency, and the bonds of the infant Republic sold at 4 cents on the dollar. And yet these nation builders formulated the most conservative form of government in the world.

It is not the gravity of the crisis which should give us concern as to the future of the Constitution but rather the present spirit of too many Americans.

The Constitution was based upon an individualistic state of society, and it has required considerable adaptation to make it work for what is now a collectivistic state. To this I assign the fact, which seems to me indubitable, that the Constitution for the last 50 years has been in process of slow demolition. Here an arch has fallen, there a pillar, and now it is the foundations themselves that are fast sinking, and if the present process of destruction proceeds, it is not unlikely that within the life of the present generation the whole structure will fall into cureless ruin.

What is more significant is that the process of demolition is proceeding with accelerating speed. At first it was so sporadic and insidious that it was hardly noticed. A decade might elapse before another arch would fall, but as we view the momentous changes in the Constitution in the last twelve months, due to practical administration, judicial interpretation, and abdication by Congress of its powers and duties, the thoughtful man is beginning to appreciate that our form of government is not unlike the present ruins of the coliseum, and the best that one can hope is that "while stands the coliseum" (the Constitution) even in its ruins, Rome (by which I mean the Union) will stand.

It is a proof of Washington's extraordinary sagacity that in his farewell address he predicted that our form of government would not be overthrown from without but undermined from within; and if we divest our minds of illusions and face grim realities it can hardly be questioned that the Constitution in many of its basic features has been undermined. The warning of Charles Francis Adams has been fully justified by events.

I have no doubt that if the Constitution were submitted tomorrow to the American people for readoption or rejection that the American people, by an overwhelming majority, would readopt it. But this would not be because of any knowledge of its text or its fundamental philosophy, but only because of respect for a historic landmark and a subconscious belief in the average man that it is the Constitution that in some way holds together a people who inhabit a vast continent and number over 120,000,000. To

them the Constitution is the organic expression of the Union. The Union means the unity of the American people; and the Union, it being the oldest name of the American Commonwealth, is very dear to all Americans. They realize that the Constitution means a political and economic unity for one of the most powerful races that the world has ever known and that as such it confers upon him as an American citizen a powerful prestige and immeasurable benefits, such as no other nation at the present time can afford its citizens.

While, therefore, the Constitution would be readopted by an overwhelming vote as an entirety, and to a certain extent as an abstraction, yet this is not inconsistent with the fact that when the Constitution is attacked in detail by measures which are foreign to its nature and destructive of its purposes, the American people can only see the ponderables of the question and are quite satisfied that the Constitution in detail should be undermined, to use Washington's phrase, if it means an immediate advantage to the people.

Washington was so concerned as to the possibility of this spirit of pragmatism that he predicted, in a letter written to his friend and comrade in arms, Lafayette, shortly after the formation of the Constitution, that it would last—

So long as there shall remain any virtue in the body of the people.

He then continued:

I would not be misunderstood, my dear Marquis, to speak of consequences, which may be produced in the revolution of ages by corruption of morals, profligacy of manners, or listlessness in the preservation of the natural and unalienable rights of mankind, nor of the successful usurpations that may be established at such an unpropitious juncture upon the ruins of liberty, however providently guarded and secured, as these are contingencies against which no human prudence can effectually provide.

Notwithstanding his eloquent reference to the rising sun, Franklin had the same gripping fear when he urged the members of the Convention to sign the Constitution. He said:

There is no form of government but what may be a blessing to the people if well administered, and I believe, further, that this Constitution is likely to be well administered for a course of years, and can only end in despotism as other forms have done before it, when the people shall become so corrupted as to need despotic government, being incapable of any other.

I draw your especial attention to the words of Washington, already quoted, when he warned that the destruction of the Constitution would result from listlessness in the preservation of the natural and inalienable rights of mankind, for he was there distinguishing between the ponderables of the problem, in whose pragmatic advantages the people chiefly feel concerned, and those great imponderables of liberty which are not for one age but for all time, and without which no nation can be truly free, whatever its nominal form of government is. He emphasized this in his poignantly pathetic farewell address when he said:

Toward the preservation of your Government and the permanency of your present happy state, it is requisite not only that you steadily discountenance irregular oppositions to its acknowledged authority, but also that you resist with care the spirit of innovation upon its principles, however specious the pretenses. One method of assault may be to effect, in the forms of the Constitution, alterations which will impair the energy of the system, and thus to undermine what cannot be directly overthrown.

Washington and Franklin were only thus expressing the opinions of all the master builders of 1787, that no constitution is self-executing and none can preserve itself no matter what its governmental machinery may be. They recognized better than we do that in the last analysis the preservation of the Constitution would depend upon the will of the American people, and that it was futile to expect that the people would defend what they had created unless the average citizen was inspired by what Grote well called "constitutional morality", which means a knowledge of the Constitution, a loyal acceptance of its spirit, and a militant purpose to defend it from destruction. If this be wanting, and there has been little evidence in recent months that the American people have this spirit of constitutional morality, then the preservation of the Constitution is an impossible task, for

slowly its basic principles will yield to the spirit of opportunism.

The American people once had this spirit of constitutional morality in a very high degree. It was this spirit that led them to fight for seven weary years to vindicate a principle of taxation, although the nature of the tax was only a "tupenny" duty on a pound of tea. To them the amount of the tax or its economic effect was unimportant. It was the great imponderable as to whether the taxing power could be exercised by a Parliament 3,000 miles away and in which the American people had no representation. The sufferings of Valley Forge were endured for a sacred principle. When the Constitution was submitted to the people, it was debated throughout the Union at every crossroads and in every farmhouse; and the questions that were discussed were not the pragmatic advantages of the proposed new form of government, but rather the question whether the liberties of the individual were adequately protected.

I have recently had occasion to read William Wirt's Life of Patrick Henry, and I read such portions of Henry's argument against the Constitution as were made in the Virginia Convention, and I was immensely impressed, not only with the force of his eloquence but with his vision as to what would be evolved by construction from the naked text of the Constitution.

While the American people accepted the Constitution with great hesitation, yet, when its advantages became manifest in the rise of a new nation in the firmament of history, the people began to believe passionately in the Constitution; and from 1789 to 1861 the debates on constitutional questions were the greatest that ever took place in America, and were equal to the greatest debates that ever took place on a form of government in the annals of history.

Here again in these debates the pragmatic advantages of any proposed legislation were wholly subordinated to the question whether a proposed measure was within the grant of power, and while there speedily developed the two schools of thought as to the construction of the document, one advocating strictness and the other liberality, yet both believed in their Constitution, and without respect to economic advantages they fought for the underlying principles of government that seemed to them at stake. When James Monroe attacked the constitutionality of internal improvements he was not thinking whether Virginia would get a road at the expense of the Federal Treasury, but whether the Constitution had granted any such power of appropriation.

It was the tenacious adherence to the Constitution which led in the early days of the Republic to the great crisis, which nearly disrupted the Union. The greatest debate in our history, and I am inclined to think in the annals of the English-speaking race, was the debate a century ago on Senator Foote's resolution, innocent in itself, but which developed the whole question as to what the rights of the States were if the Federal Government deliberately and indubitably usurped a power that was not granted to it. If Webster's reply to Hayne was the greatest forensic effort in our history, the speech of Hayne, of South Carolina, was not unworthy of the reply, for these were only two of the gladiators, for there were many arguments of remarkable power and eloquence made a century ago on both sides of the question, which are only now forgotten because they were overshadowed by Webster's masterful effort.

After the Civil War an entirely new spirit came to the American people. It was as though our written Constitution had become an unwritten one. Thenceforth, except on rare occasions, there was little more than lip service paid to the Constitution, although in that Civil War hundreds of thousands had died to preserve it. Acts that were flagrantly unconstitutional were passed on the theory that Congress had no responsibility, as the final decision rested with the Supreme Court. This quite ignored the fact that the question might never arise in the Supreme Court and that if it did the Supreme Court, necessarily influenced in a democracy by the will of the people, would hesitate a long time before dis-

regarding the fiat of Congress. In this spirit the boundaries of Federal power were pushed forward with amazing speed and those of the States correspondingly contracted. Undoubtedly this was due in large part to the impact of a mechanical civilization and it may have been inevitable, but it put upon the Supreme Court the impossible strain, when a case did arise, of trying to reconcile the will of Congress—which no longer takes into account its limited powers under the Constitution—with the provisions of that document.

With a subtlety worthy of medieval scholasticism and reminding me, as I recently had occasion to say in this House, of Swift's Tale of a Tub, the Court proceeded to reconcile the acts of Congress with an extraordinarily latitudinarian interpretation of the Constitution.

The probable passage of the legislation now proposed and under discussion shows how insidiously our Constitution can be changed and its basic principles overthrown.

The Constitution was formed under the traditions of the English revolution of 1689. That meant the supremacy of the people in Parliament, and it was fundamental in that theory of government that the executive should never have a power to impose a tax, but that such levies upon the wealth of the people should only be authorized by the composite judgment of their representatives in Parliament. In defense of that principle Hampden risked his life, Charles I lost his head, and James II his crown. For that principle our forebears in England had struggled from the dawn of constitutional liberty and they had maintained from the times of the Plantagenet kings to the present day that any tax measure must originate in the will of the people.

Therefore, our Constitution provided that the House of Representatives should originate all tax bills and that Congress alone should impose taxes. No more sacred duty was imposed upon it, for it was never intended that any levy should be made upon the American people unless by the consent of their Representatives in Congress. Congress has already surrendered its taxing power for, in the present emergency statute, the Secretary of Agriculture was given absolute power to impose taxes upon the processors of agricultural commodities in his discretion. And what is worse, it gave him the power to turn over the proceeds of the levy to one class in the community.

To this end the Secretary can even impose a tariff duty upon imports whenever he thinks it necessary to protect the processors, whose cost of production is necessarily raised by the processing tax. You will thus see that the complete power of taxation in the manner indicated has been vested in the head of a department to do whatever he pleases. Now it is proposed to vest in the President the power of taxation on imports. Thus we have a perversion not merely of the Constitution but of a basic principle of Anglo-Saxon liberty, for which the American people and their forebears have fought for over 500 years, and which they thought they had written into the Constitution in a manner that could not be defeated.

I could give many other examples of this slow undermining of our Government, either by laws upon which the Supreme Court never has occasion to pass, or by laws which, when passed, are sustained by the Supreme Court in deference to the will of Congress.

Possibly my pessimism is due to my advancing years, for the shadows of life are fast lengthening with me and I cannot hope to see the future development of the Constitution, as I have witnessed it in the last half century.

We are fundamentally a democracy; and while a constitution can retard the spirit of innovation, it can never wholly defeat it. It can be a rudder or a chart, but never an anchor.

Today many Americans seemingly favor a central government of unlimited powers. Whether such a government would insure the perpetuity of the Union is a serious question. The founders of the Republic believed that no central government of unlimited powers could be successful, and in this they were fully justified by the consistent experi-

ence of history. A unitary and homogeneous State, like England or France, may be able to distribute the blessings of government without creating sectional or class antagonism, but if the federated British Commonwealth of Nations were to make such an attempt as that of the processing tax, and the wealth of Canada were drained to support the farmers of Australia, the Empire would dissolve overnight. The fear of a like fate dominated the thoughts of the great Convention of 1787. They recognized that there was an inevitable conflict of economic interests between the different sections of America, and that the only way to prevent a dissolution of the Union by reason of such conflict was to confine the Federal Government to a very limited sphere of power.

Even as so limited, our Nation was twice brought to the verge of destruction by a clash of economic interests, and it has only been preserved by the welding influences of steam and electricity and general and ever-increasing prosperity.

Today, however, the Federal Government, asserting unlimited power and concentrating it in the President, is attempting to redistribute property to draining the wealth of the industrial States for the benefit of the agricultural States. The present depression may make the industrial States conscious of this continuous drain on their resources, and the ever-smoldering fire of sectionalism may again break out into a destructive blaze. Should the Union disintegrate, some future Gibbon will say that its downfall began when the Nation disregarded the wise limitations of the Constitution on Federal power, and began to assert the unlimited power of a unitary State.

I am loath to end my speech upon so pessimistic a note. Who can say what is in the womb of the future? In this hour of acute anxiety we can well recall the noble words of Franklin, uttered when the great crisis of the Convention arose and when its success seemed impossible. He said:

I have lived, sir, a long time, and the longer I live the more convincing proofs I see of this truth: That God governs in the affairs of men. And if a sparrow cannot fall to the ground without His notice, is it probable that an empire can rise without His aid? We have been assured, sir, in the sacred writings, that "Except the Lord build the house, they labor in vain that build it." I firmly believe this, and I also believe that without His concurring aid we shall succeed in this political building no better than the builders of Babel. We shall be divided by our little partial local interests, our projects will be confounded, and we ourselves shall become a reproach and a byword down to future ages. And what is worse, mankind may hereafter, from this unfortunate instance, despair of establishing governments by human wisdom and leave it to chance, war, and conquest.

Will this be the fate of America? I am by no means hopeless. All human progress in government is marked by alternate periods of integration and disintegration. When the integration proceeds too far, the pendulum swings back and reaches the other extreme of disintegration, only to swing back when the distribution of power has gone too far.

Moreover, there is one great fact of which the proponents of the new deal are seemingly ignorant. It is the native individualism of the American. The old pioneer spirit has not wholly lost its force, even in a mechanical civilization.

The fate of the eighteenth amendment clearly proved that, and I today see signs of a distinct reaction in the hearts of the people against this attempt to make one man, even though he be President, the master of the destinies of the American people.

No one man, whoever he may be, is fit to play such a role. Dictators have never long lasted. In a homogeneous nation a dictatorship may last for a time, for the problem is not so complex as with a heterogeneous nation of conflicting interests. The present dictators in Italy may last as long as Mussolini lives, for he is a man of extraordinary ability and may rank high in history as one of the greatest sons of Italy—that fertile mother of great men—but when Mussolini dies, what will then happen in the struggle to seize the scepter that will then fall from his hands? As for the dictatorship in Germany, it is doomed to failure long before Hitler shall live his allotted span of life, for that narrow fanatic is not a Mussolini.

Where, however, a people is heterogeneous and occupies, as our Nation does, a vast territorial domain ranging from the sub-Arctic to the Tropics, and with all the conflicting economic interests that differences in climate necessarily bring about, then a dictator cannot long last, for he cannot so dispense governmental favors as to placate all sections, classes, and interests.

Moreover, the old love of liberty is not dead in America. It may for a moment be moribund because of the prostrating effect upon the human spirit of a prolonged depression, but sooner or later—and I believe at no distant day—the American people will turn back to the beaten paths of the fathers and will again be animated by the spirit of liberty, which influenced Washington and Franklin, Hamilton and Jefferson.

The American Constitution did not believe in one-man power, and for a very obvious reason that is inherent in human nature. A President, whoever he may be, cannot wholly arise above the conditions of his birth and of his environment. He carries with him into his high office all the influences of his early surroundings. It was for this reason that the framers of the Constitution refused to concentrate power in one man. It vested all legislative power in a Congress, which would represent the composite will of the entire people, and they never intended that the representatives of the people should abdicate their responsible office and transfer the legislative power to the President. Undoubtedly Congress, like all parliamentary institutions, is by reason of its being thus representative of the thereby be a matter of slow compromise; but if we must thereby be a matter of slow compromise, but if we must choose between the security of liberty and the supposed efficiency of one-man power, the genius of our institutions prefers the former.

I remember a passage in Victor Hugo's masterpiece where, in a political club, an orator in glowing terms described the genius of Napoleon, but when he ended his eloquent tribute to the achievements of one of the greatest of the children of men by asking what could be better, a fellow member answered him in three words. They were "To be free."

The American people are not yet so demoralized that they prefer so-called "efficiency" to their liberty. Unless I gravely mistake the present state of the public mind, they are already in revolt against the great betrayal of our form of government which we have witnessed in the last 12 months.

The shallows murmur, but the deep is dumb.

The little coterie of socialistic visionaries, called the "brain trust", and who apparently influence the President, are the shallows which are now very vocal. But the American people represent the unfathomable deep, which though silent at the moment will yet become articulate. They are already becoming so, and I venture now to predict that when the American people again go to the polls to select a President they will, by an overwhelming majority, composed of the good men of all parties, sweep away this attempt to vest the mighty power of the American people in one man. If I did not think this, I would despair of the Republic. [Applause.]

Mr. KNUTSON. Mr. Chairman, I yield 10 minutes to the gentleman from Kansas [Mr. McGugin].

Mr. McGUGIN. Mr. Chairman, we hear that it is necessary that the President have the power to negotiate foreign trade agreements, owing to the fact that other countries negotiate agreements very quickly.

This must be remembered, that other countries which negotiate trade agreements are countries that do not operate under a written constitution. This country operates under a written Constitution, and, say what you please, this bill does violate at least four provisions of the Constitution.

The first is the provision that all revenue legislation shall originate in the House. Another is that Congress shall levy taxes. Another, Congress shall regulate commerce between the countries and between the States; and whatever may be said, this bill is regulating commerce with foreign countries, which Congress alone has the power to do. If a treaty is

negotiated, it has to be approved by two thirds of the Members of the Senate. This is not a mere academic question. Only 3 years ago a prominent Democrat took the position that it was an irreparable error for Congress to transfer to the President a much milder control over tariff rates.

Let me read you some remarks by Secretary of State Cordell Hull when he was a Member of the House of Representatives. You will find it in volume 71, part 2, CONGRESSIONAL RECORD, first session of the Seventy-first Congress.

Mr. Hull said:

The proposed enlargement and broad expansion of the provisions and functions of the flexible-tariff clause is astonishing, is undoubtedly unconstitutional, and is violative of the functions of the American Congress. Not since the Commons wrenched from an English King the power and authority to control taxation has there been a transfer of the taxing power back to the head of a government on a basis so broad and unlimited as is proposed in the pending bill. As has been said on a former occasion, "this is too much power for a bad man to have or for a good man to want."

Such were the views of Cordell Hull 3 years ago when a Member of the House. Today he is asking Congress to yield a much greater power. I join with him in his statement of 3 years ago that it is "too much power for a bad man to have or for a good man to want."

In this connection I wish to extend my remarks, Mr. Chairman, by inserting quotations from various Members of Congress at that time.

The CHAIRMAN. Without objection, it is so ordered.

MR. GARNER

Mr. McGUGIN. From a speech by Vice President Garner when he was a Member of the House of Representatives from the State of Texas and the leader of the Democratic Party in the House, page 1080, volume 71, part 1, first session of the Seventy-first Congress:

I want you all to turn over in your minds and see what it means for Congress, representing the people of America, to surrender its rights to levy taxes.

Remember this, gentlemen: When the legislative body surrenders its tariff power and its obligations to the Executive—under our system of government a majority can do that, but you can never recover them except by a two-thirds vote of the House and the Senate.

Remember that when you surrender this power of taxation you surrender it for all time to come or until the two bodies, by a two-thirds vote, can take it away from the Executive.

If an ambitious man is in the White House, he will not surrender it. If a wise and patriotic man is in the White House, he may have a want of confidence in the Congress, so neither of them would be willing to give up the power.

MR. DOUGHTON

From speech of Mr. DOUGHTON, present Chairman of the Ways and Means Committee, taken from the CONGRESSIONAL RECORD, page 1474, volume 71, first session of the Seventy-first Congress:

The Fathers who framed the Constitution, wisely, in my opinion, left to Congress the initiating and enacting of laws raising revenue. The flexible provision giving the President the power to raise or lower tariff rates to the amount of 50 percent renders nugatory in spirit and practical effect this provision of the Constitution. If the President is given the power to raise and lower rates 50 percent, he should be given the full responsibility for the making of all rates.

This provision, together with the one providing for the matter of appraisal to be finally lodged in the Secretary of the Treasury, will make the President, the Secretary of the Treasury, and certain bureau chiefs not only sole arbiters in all tariff matters but in deed and reality they will be sole dictators, and Congress and the customs courts, as far as tariff matters are concerned, might just as well be abolished.

MR. CRISP

From speech of Mr. Crisp, the former distinguished Democratic Member from the State of Georgia, while a member of the Ways and Means Committee, page 1349, volume 71, CONGRESSIONAL RECORD, first session of the Seventy-first Congress:

Gentlemen, think what a potential power the power to make tariff rates would be in an election year, to let the President of the United States have the right to write a tariff bill! Stop and think about it. Do you think there would be any dearth of campaign contributions?

O gentlemen, you are surrendering your right under the Constitution. Our forefathers fought for that right—the right that the elected Members of the people, the Representatives of the people, should alone have to levy taxes against them. [Applause.] And

here you are surrendering it; and when you have surrendered it, do not expect that you will get it back soon. If you should surrender this power and should pass a law to repeal it, the President could veto it, and it would take a two-thirds vote of both branches of Congress to override that veto, and it is seldom that either of the two great political parties in our country has a two-thirds vote in both branches of Congress.

O gentlemen, do not let the political exigencies of this case induce you to permit another entering wedge into the shrine of the Government as outlined by our forefathers, under which this Nation has grown and prospered until today it is the most powerful, the wealthiest, and most highly respected Nation on earth. [Applause.]

MR. STEAGALL

Speech by the Honorable HENRY STEAGALL, distinguished Democratic Member of this House and Chairman of the Committee on Banking and Currency, page 2007, volume '71, of the CONGRESSIONAL RECORD for the first session of the Seventy-first Congress:

Mr. Chairman, when this Congress meets, it is just as if every man, woman, and child under the flag that we honor had assembled here. It is the American people in their sovereign capacity who are assembled here now. We speak for them. If we fail in our duty from any cause or surrender our rights, it is a blow at free government. Yet we are taking orders like bootblacks. Such a procedure is calculated to reduce the voice of the average Member of this body to where he amounts to no more than a taxi driver in the city of Washington, as far as power and authority in the control of legislation is concerned. For one, I enter my protest. It involves a surrender of the people's rights, which should not be tolerated.

MR. GREENWOOD

Speech of Mr. Greenwood, former distinguished Democratic Member of the House, on page 1648, volume '71, CONGRESSIONAL RECORD for the first session of the Seventy-first Congress:

The so-called "flexible clause" delegates to the President of the United States the power to raise or lower rates.

This is delegating the legislative powers of Congress with respect to the taxing power of the Federal Government.

I am in favor of keeping the three departments separate and inviolate. I think it is better for the rights of the people for Congress to act in matters of legislation rather than delegating that power to the President. [Applause.]

Yea votes voting against the flexible provision: Bankhead, Buchanan, Byrns, Cochran of Missouri, Crisp, Douglas of Arizona, Garner, Hill of Washington, Hull of Tennessee, McCormack of Massachusetts, McDuffie, O'Connor of New York, Pou, Henry T. Rainey, Steagall, Vinson of Georgia.

The foregoing are some of the distinguished Democratic Members who voted for a motion to recommit, which motion was offered by Mr. Garner, and would have destroyed the present provisions providing for the powers of the President in changing tariff rates after findings of fact by the Tariff Commission. The opposition to placing this power in the hands of the President was based upon the claim that it was transferring too much power from the Congress to the President over the making of tariff rates. This was the principal reason given why these Members, together with other Members, voted for this motion to recommit. Today these same Members are advocating giving over to the President the power to make changes in the tariff rates without any findings of fact from the Tariff Commission. The power now being surrendered by Congress and given to the President is infinitely more power than that which was given in the Hawley-Smoot tariff bill; yet these gentlemen protested against the power in the Hawley-Smoot tariff bill because they thought that it was placing too much power in the hands of the President.

Assuming that owing to the ability of foreign countries to make tariff changes quickly that the United States in self-defense must be able to do likewise, there is still no occasion for giving this unlimited power to the President. In giving the President power to negotiate trade agreements we should at least insert the provision that such trade agreements shall go into effect immediately and remain effective unless within 60 legislative days after the execution of such trade agreements the House or the Senate shall by a majority vote decide against any specific trade agreement so executed by the President. If we are to have any regard whatever for the Constitution or for the rights of the people, then the people through their chosen representatives must at

least have some opportunity to check any trade agreement which the people regard as adverse to their interests.

Yielding the constitutional power which is vested in the Congress of the United States to the President of the United States is far more than an academic question. It is something which has not worked out successfully.

When we delegate powers to the President on the assumption that the President will carry them out, in actual fact they are carried out by some subordinates in the departments, and when they have carried them out they are not in accord with the statements of the President at the time he asked for the legislation.

The truth is, things are being done in the departments by men who were not elected by any constituency in America. Underlings and subordinates down in the departments are carrying out these matters because Congress has delegated the power to the President.

There are men in these departments whose conduct is not in keeping with the traditional Americanism. That challenge was hurled to the country yesterday before the Committee on Interstate and Foreign Commerce when a letter was read from Dr. Wirt, who quotes some member of the "brain trust" as having said:

We are on the inside. We control the avenues of influence. We can make the President believe that he is making decisions for himself.

We believe that we have Mr. Roosevelt in the middle of a swift stream, and that the current is so strong that he cannot turn back or escape from it. We believe that we can keep Mr. Roosevelt there until we are ready to supplant him with a Stalin. We think that Mr. Roosevelt is only the Kerensky of this revolution.

Mr. HARLAN. Mr. Chairman, will the gentleman yield? I should like to know the authority of that. Who is responsible for that statement? Who is that mysterious member of the "brain trust"?

Mr. MCGUGIN. If the gentleman will keep quiet, that is what I am coming to. That is a strong statement. It has come to the attention of a committee of this House and I say that the obligation is on that committee to bring Dr. Wirt before that committee and, under oath, make him tell who the man is that made that statement.

The President of the United States, the Congress, and the people of this country have a right to know whether Dr. Wirt told the truth when he quoted someone as having said that, and the country has a right to know who the man is connected with the "brain trust" that said it, if there is any such man. The time has come for a show-down on that.

Mr. VINSON of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. MCGUGIN. I cannot yield. Aside from this I can point out to you some strong circumstances that men are running this Government contrary to the former expressed statements of the President, and contrary to the belief of Congress when Congress conveyed certain authority to the President. I refer to the broad powers we extended in the Agricultural Adjustment Act.

When we enacted the Agricultural Act Congress acted in good faith upon the message that the President sent to the Congress. Congress acted in good faith upon the pre-election speech of the President, but when the bill is taken to the Agricultural Department and is being administered, we find that it is not administered in keeping with the former statements of the President of the United States. Let me quote to you what President Roosevelt said in his pre-election speech at Topeka, Kans., wherein Mr. Roosevelt referred to President Hoover and his Farm Board:

When the futility of maintaining prices of wheat and cotton through so-called "stabilization" became apparent the President's Farm Board, of which his Secretary of Agriculture was a member, invented the cruel joke of advising farmers to allow 20 percent of their wheat lands to lie idle, to plow up every third row of cotton, and to shoot every tenth dairy cow. Surely they knew that his advice would not, indeed, could not be taken. It was probably offered as the foundation of an alibi. They wanted to be able to say to the farmers, "You did not do as we told you to do. Blame yourselves."

Such were the statements of Mr. Roosevelt before the election, in his speech at Topeka on September 29, 1932. Such

were his ideas pertaining to the farm program. Yet when we enacted legislation giving him power to administer that act he did what he had to do, he turned it over to the Agricultural Department. Then, when the Agricultural Department, under Professor Tugwell, administers that act, it pays no more attention to the expressed views of the President than it does to the expressed views of a newsboy on the street. So, what actually happens when Congress delegates its authority to the President is that the President does not carry it out, but some underlings down in the departments carry it out. When we enact this bill and convey to the President the authority to single out the particular industries which will be beheaded in this country as uneconomic he will not make the decisions, but underlings in these departments will make them, just as they are making them down in the Agricultural Department now. But that is not all.

Let me give you another illustration of how the Agriculture Department, in administering the Agricultural Adjustment Act, is betraying and repudiating every principle the President has ever uttered. The President, in his Topeka speech further said, speaking of his proposed farm plan:

The plan must not be coercive; it must be voluntary, and the individual producer at all times shall have the opportunity of nonparticipation if he so desires.

Yet one week ago today Member after Member stood on this floor and said that the voluntary allotments with respect to cotton had failed, and that we have to have a compulsory bill, and so the House passed the confiscatory cotton tax Bankhead bill.

The President in his message to Congress, when he asked for the adjustment act, said:

If a fair administrative trial of it is made and it does not produce the hoped-for results, I shall be the first to acknowledge it and advise you.

Now, when we find it has not produced the hoped-for results, does the Agricultural Department or anyone advise us that it has failed? No; they just simply say that now we must make it compulsory with the Bankhead bill.

The men who are actually administering that act in the Department of Agriculture under the domination of Mr. Tugwell have absolutely no regard for the views of President Roosevelt on the farm program as he has expressed them. Here is what the plan is and what Mr. Tugwell says the plan is:

For the first time the Government is thinking of the land as a whole. . . . For the first time we are preparing to build a land program which will control the use of that greatest of all natural resources not merely for the benefit of those who happen to hold title to it.

From Professor Tugwell's recent speech at Philadelphia.

In the light of the experience of what has happened in the administration of the Agricultural Adjustment Act, it is clear that when this power is granted to the President, that in the administration of that power we shall find something entirely different from what we understand now are to be the accomplishments under this bill.

Such has been the situation under the agricultural act. Such were the regulations issued under the Economy Act. Without exception, when we have transferred congressional authority to the President, and when he turns it over to the subordinates to administer, they administer it to suit themselves and not at all in keeping with the expressed views of the President at the time he received the legislation. That is why it is dangerous for Congress to give this power away. Remember, if we be honest, when Congress passes this bill we are not in fact giving to President Roosevelt the power to do something. What we are doing is giving power to some "brain trusters" down in the Department of Agriculture and the Department of State to make trade agreements which no one in this House today believes will be made. That power is being taken away from Congress and given to men who are not in sympathy with the Republic under the Constitution, given to men who could not be elected to office by any constituency in the United States. Yet that is the danger involved in the policy of extending such authority.

In actual practice it is doubtful that we shall be able to open up farm markets. We are going to find that they will trade away American farm markets in the hope of finding some industrial markets abroad. Mr. Hull just came back from Argentina. What was the plan he brought back? Was it to sell more farm products? No. The suggestion was that if the Argentine would buy more American automobiles, America would buy more of Argentina's beef. The reason is obvious. If we make any trade agreements, they must be made in the Western Hemisphere, and we cannot find a country in the Western Hemisphere that will buy any of our farm products. They have farm products to sell. They will buy our manufactured products if we will buy their farm products.

If there were ever a political party in the history of this country which was simply talked and kidded out of power, it was the Republican Party as a result of the Hawley-Smoot tariff bill. From the enactment of that bill the Democratic press and Democratic orators vilified the bill from one end of this country to the other. They succeeded in making the majority of the American people believe that it was an iniquitous bill. Mr. Garner, Democratic leader in the House at the time of the enactment of the bill, bitterly criticized the bill, yet, thereafter, he was the Speaker of the House and in control of the House of Representatives. Under his leadership there was no effort made to change a single schedule in the bill. Mr. Collier criticized the bill at the time of its enactment and thereafter, he was Chairman of the Ways and Means Committee during an entire session of Congress. He did not undertake to change a single schedule in the bill. Mr. DOUGHTON criticized the bill at the time of its enactment. He has been chairman of the Ways and Means Committee during the special session of the Seventy-third Congress and thus far during this regular session of the Seventy-third Congress. He has never specified a single schedule in the bill which should be changed. Mr. RAINEY, at the time of the enactment of this bill, vilified the bill in all of its parts. He has been Speaker of the House during the special session and thus far during this regular session of the Seventy-third Congress. He has under his leadership something like 315 Democrats. He has never specified a single schedule in this bill which should be changed; yet, any day, he could take 215 Democratic Members and change every schedule in the bill.

I here insert some of the statements made pertaining to the Hawley-Smoot tariff bill by some prominent Democratic leaders at the time of the enactment of the bill:

MR. GARNER

Speech by Vice President Garner when he was a Democratic Representative from the State of Texas and leader of the Democratic Party in the House, page 1080, volume 71, CONGRESSIONAL RECORD, first session of the Seventy-first Congress:

This is what you have in this bill: First, you have surrendered your right for an indefinite period to raise or lower the rates, because there will be no occasion for another tariff bill until the American people rebel against the iniquity of what I believe to be the highest and most indefensible bill ever imposed upon the statute books. And you make the Secretary of the Treasury the absolute arbiter, and you have taken away from the courts the opportunity of the parties affected going into court and having them review the action of the Treasury Department.

MR. DOUGHTON

From a speech by Mr. DOUGHTON, present Chairman of the Ways and Means Committee, page 1474, volume 71, CONGRESSIONAL RECORD, for the first session of the Seventy-first Congress:

When a Democrat refuses to give his support to this measure of abomination, so universally condemned, we are charged with being unwilling to give adequate protection to agriculture and other American industries.

MR. HILL

From a speech of Mr. SAMUEL B. HILL, of Washington, a distinguished Democratic Member of this House and a member of the Ways and Means Committee, page 1632, volume 71, of the CONGRESSIONAL RECORD, for the first session of the Seventy-first Congress:

There is not a word in here that is for the benefit of the poor people, not a line in all your bill; but, on the other hand, every single schedule that you have operated on in that whole measure indicates that you are endeavoring to make the rich richer and the poor poorer. It is time now for somebody in authority to recognize that those who are actually supporting this Government should have decent consideration in legislation, instead of which you have brought out a bill to give the manufacturer the further right to reach into the pockets of the masses and take therefrom what they have labored to make. May God help you to go out and change this and make it an honest and a decent bill.

MR. COLLIER

Mr. Collier, former distinguished Democratic Member of the House of Representatives from the State of Mississippi and Chairman of the Ways and Means Committee during the Seventy-first Congress, had the following to say in part, taken from the CONGRESSIONAL RECORD, volume 71, page 1274, first session of the Seventy-first Congress:

Now, the gentleman from Texas, Mr. Garner, was not protesting so much against the rates, though he thought they were sectional, as against the administrative features of the bill. The gentleman from Illinois, Mr. RAINEY, and the gentleman from Tennessee, Mr. Hull, belong to another political school of thought and they were opposed to the general protective trend of the bill.

MR. COX

From speech of Mr. Cox, distinguished Democratic Member from the State of Georgia. Taken from page 1294, volume 71, CONGRESSIONAL RECORD, for the first session of the Seventy-first Congress:

So far as I am concerned, it does not matter which party writes the tariff legislation. My concern is that it be written right. The bill before us is not in my judgment what it ought to be. It is a poor apology toward the fulfillment of the promise that both major parties made the country in their platforms in the recent political contest.

MR. RAINEY

The following is taken from a speech by Speaker RAINEY delivered in the House of Representatives when he was a Democratic member of the Ways and Means Committee. His speech begins on page 1143, volume 71, in the CONGRESSIONAL RECORD for the first session of the Seventy-first Congress:

I have no doubt that the Republican Party could do worse than this, but up to the present time they have not done worse than this in the history of tariff legislation in this country and in every other country in the world. This bill is a monstrosity without a parallel, indefensible in nearly every paragraph.

When Democrats revise the tariff—and they occasionally have done it—the method of doing it has been different from the Republican method. I served on the Ways and Means Committee during the preparation of the Underwood tariff bill. We considered, first of all, the economic effects of the rates we fixed. We consider their effect on the revenue of the United States. We consider whether or not there is a difference in labor costs at home and abroad. We take all those things into consideration and listen to all the evidence we can get, including the evidence of experts, and then with that information we revise the tariff.

It will be noted from the speech of Speaker RAINEY delivered at the time the Hawley-Smoot tariff bill was under consideration that he outlined the manner in which the Democratic Party enacted tariff bills. The Democratic procedure which he outlined at that time does not include giving blanket power to the President to make tariff changes. The procedure which he outlined provided for a constitutional enactment of tariff bills. Evidently between that time and this day, when Mr. RAINEY is Speaker of this House and in control of the House of Representatives, the Democratic Party has changed its procedure in the enactment of tariff bills. In fairness to the Democratic Party, a great and historic party, the program now suggested is not at all in keeping with the historical and traditional policies of the Democratic Party.

Mr. DOUGHTON. Mr. Chairman, I yield 15 minutes to the gentleman from Ohio [Mr. HARLAN].

Mr. HARLAN. Mr. Chairman, in the spring of 1933 certain ominous outstanding facts pertaining to world trade were available to anyone interested. Briefly, they were that from 1929 to the spring of 1933 world commerce had decreased in value approximately 66 percent while the foreign commerce of the United States had decreased in value 75 percent. The United States was rapidly losing ground

among the commercial nations of the world, particularly in the South American market, where our neighbors and best customers ought to be. Concurrently with this loss in world commerce the index of our domestic trade showed the greatest depreciation of any of the large countries. Complete statistics will probably show that it was in the neighborhood of 46 percent.

Concurrently also with this calamity it developed that the great commercial countries of the world were rapidly adopting a new method for the control of foreign commerce. They were no longer relying principally on tariff restrictions either to protect their own producers or to acquire a foreign market. They were adopting quotas, import licenses, exchange pools, embargos, and a number of other regulations.

France had applied the quota system to over one third of her imports. Switzerland to over one fourth, and other countries, such as Germany, Poland, and Holland, in different proportions. There were very few countries in the world of any importance that were not using the control of foreign exchange, import licenses, and specific barter agreements along with tariff restrictions. The legislative machinery supporting these trade agreements allowed instantaneous changes and it was evident that the country employing these new instruments of commercial warfare, with their facility of change, had a very pronounced advantage over the American producers.

Obviously three things could be done. First, permit our foreign markets to be taken from us and remain aloof. Second, increase our tariff restrictions and accelerate this loss. Third, employ the instrumentalities of our commercial competitors and attempt to regain some of this world trade.

The inadvisability of continuing our present policy would seem to be obvious. A country that contains 6 percent of the world's population, but produces 58 percent of the world's corn, 52 percent of its cotton, 34½ percent of its coal, 46½ percent of its copper, and has manufacturing capacity, even at times of highest domestic consumption, of from 15 percent to 20 percent over domestic demand, must do one of two things—reduce production or find a market. From the termination of the World War to 1929 we found a market by selling on credit. This credit, of course, could not be indefinitely extended and our tariff provision prevented foreign sales on any other basis; therefore, our opportunity to sell on credit came to a sudden stop at the beginning of the depression.

With the advent of the present administration we have attempted under planned economy to reduce production, our second alternative, and our same reactionary friends who advocate that tariff system which caused our trouble in the first place, are now telling us that this reduction of production is uneconomic and ruinously expensive. For once they are absolutely right, and the whole program, so far as this attack is concerned, would be indefensible if it were not for purely an emergency remedy. Reduced production will ultimately lead to oppressive taxes, and a lower standard of living which we will not willingly tolerate. Therefore, the opening of larger markets and increased consumption, both on our part and that of our foreign customers, to keep pace with modern productive methods is the only way out.

But these same reactionaries tell us that we cannot attempt to find a market for our surplus because that will necessitate buying something from somewhere outside of America. They disagreed with William McKinley, the martyred leader of the Republican Party, himself an author of a high tariff bill, who in his last utterance at Buffalo said:

The period of exclusiveness is past. Commercial wars are unprofitable; reciprocity treaties are in harmony with the spirit of the times; measures of retaliation are not.

Even former President Hoover, the reactionary of reactionaries, and the man who led the cohorts of reactionary thought when this country was being sent to the brink of destruction, also said:

In determining changes in our tariffs, we must not fail to take into account the broad interests of the country as a whole and

such interests include our trade relations with other countries. It is obviously unwise protection which sacrifices a greater amount of employment in exports to gain a lesser amount of employment in imports.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

Mr. HARLAN. I yield.

Mr. KNUTSON. Just what does the gentleman propose to buy abroad?

Mr. HARLAN. I may say to the gentleman from Minnesota that a very comprehensive survey is being made by experts of the Department of Commerce, but their report is not for publication at the present. To publish it now would do nothing but inject a lot of confusion and promote our old system of bloc voting, which has been the bane of every tariff law we have passed. Nothing is to be undertaken that has not been well considered, and nothing will be purchased that will materially injure any branch of American production.

Mr. KNUTSON. Very well. Will the gentleman yield further?

Mr. HARLAN. I do not have much time; I will yield if the gentleman will get me more time.

Mr. KNUTSON. Mr. Chairman, I yield the gentleman a minute.

If the gentleman were in charge of the administration of this law just what would he import?

Mr. HARLAN. Speaking for myself, I should import some Italian hats, some Dutch or Belgian lace, Irish linen; we could import probably many things, French wine and others. I have mentioned just a few of the things that we could import.

Mr. VINSON of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. HARLAN. I yield.

Mr. VINSON of Kentucky. I may suggest to the gentleman from Minnesota that he need have no worry about his rye, for in 1932 only 7 bushels were imported, while for the period between 1929 and 1932 the value of the rye exported decreased from \$9,000,000 in 1929 to \$1,000,000 in 1932.

Mr. KNUTSON. But may I remind the gentleman from Kentucky that in 1932 prohibition was still in effect. I quoted figures for 1932. Let us have them.

Mr. VINSON of Kentucky. In my opinion, the 1932 figures will be still less; but I am giving official figures. I do not know whether the gentleman from Minnesota got his figures from a newspaper or not.

Mr. KNUTSON. We are giving official figures ourselves.

Mr. HARLAN. Let me say to the gentleman from Minnesota that we could import German cutlery made from Swedish steel. This steel, I am told, we cannot duplicate in this country. It is an entirely different kind of cutlery. We could import commodities of this kind which, while they bear the same general style of similar articles produced in this country, are yet of such a different quality that they supply a want that is entirely additional to those we have at present.

Mr. KNUTSON. Does the gentleman wish to intimate that there is more kick in European rye than there is in American rye?

Mr. HARLAN. I am not an authority on rye; the specialty of my district is Bourbon.

The situation of our own country is a shining example when compared with Europe, of the advantages of a free interchange of commerce over commercial restrictions. Here we are living in the largest free-trade market in the world, the United States of America. In this community we have demonstrated, as if in a laboratory, that each man and each community prospers best by producing and exchanging with others those commodities which each community and each individual makes most effectively.

Mr. WOODRUFF. Mr. Chairman, will the gentleman yield?

Mr. HARLAN. I yield.

Mr. WOODRUFF. I want to suggest, if I may, that the 1932 election may be taken as a repudiation of that particu-

lar doctrine whether it be espoused by the Republican Party or by the Democratic Party.

Mr. HARLAN. The gentleman is entitled to his own interpretation of the 1932 election; frankly, I can see little connection.

Under the stimulation of this great market we have become world leaders in mass machine production. We have also become the world's largest per capita consumer.

Across the Atlantic we have exactly the opposite picture. Tariff walls and trade barriers have divided Europe into small trade-tight compartments. They have not been able to develop machine production as we know it because they are shut off from their natural market. They have specialized in hand production, with very limited use of machinery. The result is ineffectiveness, low wages, and a lower standard of living. We defend our tariff walls as a protection against this cheap labor. They build tariff walls against us because of our cheap machine labor—an obvious absurdity. The plain common sense and truth is that a great many of their hand-made commodities we never have made and are not temperamentally adapted to make. They are so different from our machine-made products as to supply in most cases an entirely different demand, a demand that is in addition to our present wants, a demand that seeks the artistic and beautiful, even though it is somewhat more expensive than uninspired utility. This demand is not in real competition with our machine-made products except to those highly imaginative gentlemen who conceived that bananas compete with apples and nonedible denatured cocoa oil competes with butter.

Just as we could use some of their laces, tapestries, linens, cutlery, and hats—just to mention a few—they could use quantities of our factory-made produce. They want it and need it but cannot get it because we will not accept the only thing they have to offer in payment. The exchange in both cases would cost little or nothing. From us it would be the produce of factories now idle; from them it would mean employment of hours now spent largely in worry.

Those who tell us that we must not trade with the world because a canning factory in Massachusetts or a hat factory in West Virginia will lose a few orders, forget two vital things: One, that all the canned fruit or hats we buy will probably be of a decidedly different quality than domestic machine-made production, and will supply a want entirely additional to the present demand for our domestic produce, and second that certainly everything that we buy will be paid for by the delivery of some other commodity which we make effectively with high wages, and greater profits, such as shoes, machinery, automobiles, or with farm produce now wasting in storage.

These same reactionaries also do not tell us how we are going to dispose of all the idle machinery, factory plants now available; or the 100,000,000 acres of fertile agricultural land which cannot be utilized for our own wants. What shall we do with the idle farmers and laborers when these plants and farms are permanently abandoned? There is but one answer—we must get a world outlet—we must increase our own consumption and raise our own standard of living, at the same time encouraging the higher standard of living in other parts of the world. We can easily absorb more of the commodities produced by the world in addition to our present wants, if thereby we can supply the world from our own surplus.

To accomplish this purpose, the adoption of the present bill is by far the most available method. Briefly, it authorizes the President to enter into contracts with foreign governments, granting trade concessions not in violation of any of our existing laws or treaties. These contracts will not require ratification by any branch of the Congress. To carry out such contracts, or for any other purpose, the President, by proclamation, may establish almost any other regulation or prohibition on foreign trade which he deems advisable, except that he cannot increase or decrease an import duty more than 50 percent or transfer any commodity between the free and dutiable lists.

Without going into the details of our tariff history, and of the powers that at different times have been granted to the President in declaring embargoes and other trade restrictions, since this has been covered very thoroughly by the majority report of the Committee on Ways and Means and also by the testimony introduced at the hearing, it is sufficient to say that this testimony is very clear—that the pending bill is an evolutionary step following our legislative methods from the beginning of the nineteenth century up to and including our last tariff enactment. It is the method which other nations have found effective in promoting their own trade at our expense. It will minimize the weaknesses of our present rigid tariff system. Some of these weaknesses are: Lack of stability in protection; failure as a revenue producer in depression period; local interests are protected at the expense of national interests; exporting interests are ignored; and, finally, inability to function effectively with rapidly changing conditions of our present domestic economic plan.

To my mind, however, the most important function of the proposed method of trade control is one that received very little, if any, attention during the hearing. Under these Presidential trade agreements it will be possible to establish a differential in tariff duties for the same commodity from the same country, depending upon the quantity imported. Let us consider an example: A very low rate may be made for, we will say, one fourth of 1 percent of our domestic consumption of some particular commodity. A higher rate for the next fourth of 1 percent, and for the last fraction of the permissible quota, before absolute prohibition is decreed, would amount to a rate high enough to be intended for almost complete prohibition. These higher-rate zones would become experimental zones of competition.

Those domestic industries which over a long period of years could not sell in competition with foreign producers in the domestic market in the higher tariff bracket would demonstrate to themselves and the world that they were too ineffective to be economically defensible. Capital invested in such industries could easily take notice; and as plants and machines became obsolete, this capital could flow into other channels without serious loss. Of course, it is entirely conceivable that from a viewpoint of military defense many industries which are not economically defensible ought to be maintained for our national safety, but this is a decidedly different question.

On the other hand, those domestic industries which could continuously sell in our market in competition with the low-tariff bracket import would demonstrate themselves to be effective and a safe place for capital investment.

Thus we could develop a laboratory with scientific data automatically and accurately produced to encourage our effective industries, promote our export, broaden the base of our imports, and create stability in our tariff revenue. There would then be no occasion for our present log-rolling, bloc-voting, local-interest type of tariff bills, which have caused so much scandal and corruption in the past, particularly during the last 12 years. We have no such accurate source of information now, and can never get it under the existing rigid tariff system.

In the past we Democrats, in our platform, have talked about rates "to insure equal competition." The Republican promise is equally benign when it agrees to secure rates "equalizing foreign and domestic costs." The simple fact is that both of these promises are chimera and nonsense.

There is no such thing as an American cost of production. Localities with cheap labor, available raw material, and cheap transportation have very different costs from other concerns in America manufacturing the same commodity under opposite conditions. The recent hearings before the N.R.A. board demonstrated that American industry did not even know, among the members of the same group, the labor cost or material cost in their own various industries in different parts of the country. Yet, many concerns with widely varying costs continue to exist in a country as large as ours because frequently the high-cost producer is near the market, while the low-cost producer either fails to ef-

fectively sell his commodity or is handicapped by large shipping costs. Foreign costs are even more impossible of attaining, because in that case, in addition to all the difficulties of obtaining domestic costs, the problem of absolute and relative costs is found to exist. For example, in some countries the monetary cost may be low, yet the relative cost, as considered with price indexes in other commodities, make these costs very high, or vice versa. If it were possible to arrive at a fair approximation of these costs, we would then be confronted with the high degree of variation in transoceanic shipping and the problem of equalizing seaboard costs with interior costs, which simply cannot be done. I believe that a frank statement from our Tariff Commission would admit that in all their decisions on these points they have attempted to do little else than make a benign guess.

With a system of graduated duties, however, it is obvious that the point where foreign and domestic goods could meet in free competition would be the exact amount of restriction necessary to equal foreign and domestic costs. If, in any contract period which cannot exceed 3 years in any event, it is found that the maximum import duty imposed is not sufficient to equalize the foreign and domestic costs, the manufacturer at least has the assurance under such a contract that the definite quota restriction will give him protection in any event. He does not have that assurance now under our tariff system.

In addition to this, when we confront a world of rising and falling currency values, the farce of the tariff promises of both parties is certainly apparent. This last difficulty absolutely demands a definite quota system to afford American industry the protection to which it is entitled. The American producer is asking no more than justice when he requires at least an approximation of the extent of the market which he may hope to supply. When the value of foreign currencies and international exchange is rising and falling like a mountain range, as it did in the midst of our recent panic, rigid tariff schedules furnish very little stable protection unless they are high enough to be absolute embargoes.

When the British Empire recently left the gold standard, it happened that American domestic trade also suddenly dropped. The natural conclusion of our producers was that British goods were flooding our market and driving out American competition. Many of us in Congress received such complaints. Investigation disclosed that in almost all cases, instead of an increase, there had been a decrease of British imports. Had our manufacturers felt secure behind a definite import quota, at least this stimulus to increase our local panic psychology would have been avoided.

Last June, during the first session of this Congress, I introduced House Resolution 179, requesting the Ways and Means Committee to investigate the import quota system with graduated duties. This bill was introduced without any knowledge whatsoever of the pending of our present plan. It was rather crude in its suggestion and unnecessarily cautious to avoid conflict with the unconditional most-favored-nation clauses in many of our treaties. Also, because of rather unfounded constitutional doubts over the question of delegating power over revenue-producing measures to the President, it recommended a system decidedly too rigid. However, with all its defects I am very much gratified that the basis of its plan can be carried out in the present bill and in a decidedly more effective manner. [Applause.]

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield 10 minutes to the gentleman from Missouri [Mr. RUFFIN].

Mr. RUFFIN. Mr. Chairman, I was brought up on that old-fashioned southern doctrine of free trade and calomel. I know that some of you were brought up on a different theory. But, Mr. Chairman, we are not confronted with mere theories at this time in connection with the solution of some of these problems that are pressing down upon us. We are confronted with facts.

We have had at least a century of nationalism. The life and activities of Napoleon were responsible for the advent of nationalism. He probably did not realize that his life

was having that effect upon the world, but nevertheless it did. By reason of his military activities there was a unification of Italy, a unification of Germany, and a unification of Austria-Hungary. Concomitant with this movement in Europe certain political and economic forces resulted in the final unification of the United States at the end of the Civil War. From 1871, which was the date of the formation of the German Empire, we have seen these forces of nationalism in operation to the fullest extent in the world. Political nationalism immediately preceded economic nationalism. We saw nationalism at its zenith during the great World War. We have, therefore, had an opportunity to come to some conclusions about this theory. I am frank to say that we are applying the principles of nationalism in this country now. So far as I am concerned, and I am speaking for myself only, I wish it were possible to adopt a plan upon a broader principle than the one we are now trying to put into operation in regulating our internal affairs, but we are compelled to adjust our plan to existing world conditions. This is the inevitable result of the continued pursuance of a policy of high tariffs. If one country pursues the policy of high tariffs, it, of necessity, forces other countries to pursue a similar course. This is inevitable. We are forced to do it because other countries have been doing so, and other countries are forced to do it because we have been pursuing this policy.

I know that all reasonable people in this country think that we ought to look after ourselves first. I have no fault to find with this doctrine, but I say that in its practical application the doctrine is not diametrically opposed to the doctrine of international trade. There are people who disagree with me concerning this principle. There are people who think that the one doctrine in its application is diametrically opposite to the other. I do not subscribe to this view myself. I think we can successfully pursue a policy by which we can be permitted to trade profitably with other countries of the world. I believe we can work out a policy, if we will take the time to do it, which will enable us to do this and at the same time will not place us absolutely at the mercy of these other countries. We can adopt a plan which in its application will not wreck any substantial industries in this country and which will, at the same time, afford us a much-needed market for our troublesome agricultural surpluses. This is what is contemplated in the measure we are now considering.

Of course, the question has been asked time and again here, from what products would you take the tariff, if you had the privilege of doing it. This is a matter which is deserving of the most careful consideration of whoever has the responsibility of doing this. I submit that we can bargain with other countries so that trade relationships may be established and sustained that will be helpful.

There are some who take the position in their arguments, it seems, that any tariff agreement we enter into with another country must, of necessity, adversely affect some industries in this country. To advance such an argument as this is to admit that, as time goes on, we shall have no opportunity of elevating our standards of living. It is readily discernible to me that we could, by raising our standards of living, consume products produced by other countries which in no way would substantially interfere with any products produced in this country.

Now, Mr. Chairman, to go back to the plain facts of the case, it is simply a question of what we can do, as a practical proposition, at this time. We could talk here incessantly for 2 years in an academic discussion concerning the most commendable attributes of the theory of economic nationalism and the most commendable attributes supporting the theory of economic internationalism. At the end of that time we would wind up where we started. What we are confronted with today, as I view it, is a practical proposition. Can we, as a government, devise a plan which will enable us to trade profitably with other countries without at the same time wrecking any substantial industries in this country? I believe we can. Because of the intricacies involved in the successful prosecution of such a plan, it

would be impossible for the Congress to work out all the details. I think the right course to pursue is to give the executive arm of the Government a chance to expand our trade by virtue of the authority given to it under this law. The country has confidence in the ability and sincerity of the President. I think he will not abuse this authority when once it is given to him. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. PARSONS, Chairman of the Committee of the Whole House on the state of the Union, reported that the Committee having had under consideration the bill (H.R. 8687) to amend the Tariff Act of 1930, had come to no resolution thereon.

DRAFTS DRAWN ON THE SECRETARY OF STATE BY AMERICAN EMBASSIES AT PETROGRAD AND CONSTANTINOPLE

The SPEAKER laid before the House the following message from the President of the United States, which was read and, with accompanying papers, referred to the Committee on Claims and ordered printed:

To the Congress of the United States:

I commend to the favorable consideration of the Congress the enclosed report from the Secretary of State, to the end that legislation may be enacted to authorize an appropriation of not exceeding \$44,403.15 for the payment of interest on funds represented by drafts drawn on the Secretary of State by the American Embassy in Petrograd and the American Embassy in Constantinople and transfers which the embassy at Constantinople undertook to make by cable communications to the Secretary of State between December 23, 1916, and April 21, 1917, in connection with the representation by the embassy of the interests of certain foreign governments and their nationals.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, March 24, 1934.

The SPEAKER laid before the House the following request from the Senate:

The Senate requests the House to return to the Senate the bill (S. 1699) "to prevent the loss of the title of the United States to lands in the Territories or territorial possessions through adverse possession or prescription."

The request was granted.

THE PRESERVATION AND IMPROVEMENT OF THE PUBLIC RANGE

Mr. TAYLOR of Colorado. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the public domain bill and to include therein the report of the Secretaries.

There was no objection.

Mr. TAYLOR of Colorado. Mr. Speaker, under leave to extend my remarks in the RECORD, I include a statement I made before the Public Lands Committee of the House February 19, 1934, in support of the bill H.R. 6462, and the reports thereon of the Secretary of the Interior and the Secretary of Agriculture, as follows:

Mr. Chairman and members of the committee, it is unnecessary for me to say that I claim no individual authorship of this bill H.R. 6462. It is a composite outgrowth of many years' consideration by former Congressman Colton, of Utah; French, of Idaho; Sinnott, of Oregon; Evans and Leavitt, of Montana; myself and several other western Congressmen—trying to bring about this legislation and establish practically the same policy concerning the use of the remaining 173,000,000 acres of public domain, as now prevails upon the 137,000,000 acres of forest reserves. All those colleagues and friends of mine for many years have left the House; and I cannot resist saying that when they retired, they carried with them a world of experience, good judgment, and valuable information. One of the last things that several of them said to me was to request that I reintroduce this bill and carry on their efforts and enact it into law if possible. They very earnestly felt that the policies and principles of the orderly control and systematic use of the remaining public domain are of the very greatest importance to the welfare and proper development of the 11 great States of the West.

Concerning the bill, the title speaks for itself. It reads as follows:

"To stop injury to the public grazing lands by preventing overgrazing and soil deterioration, to provide for their orderly use, improvement, and development, to stabilize the livestock industry dependent upon the public range, and for other purposes."

It very adequately and frankly expresses the purposes and objects and gives a complete idea of the whole subject.

There are three things contained in this bill: The first is "to stop injury to the public grazing lands by preventing overgrazing and soil deterioration." That is a great, important, and far-reaching conservation provision that everybody in the United States should be interested in. The second purpose is "to provide for the orderly and better use, improvement, and development of those 173,000,000 acres of public lands." The third purpose of the bill is "to stabilize the livestock industry dependent upon the public range" that extends throughout those 11 Western States. All three of those purposes are of the greatest and highest possible importance, and I will take them up serially.

The official reports before you of both the Secretary of the Interior and the Secretary of Agriculture conclusively show what the rapidly increasing damage is to these lands because of erosion and overgrazing. Many thousands of acres that a few years ago were fine grazing lands are now nothing but barren wastes, sand dunes, and gravel beds, with scarcely a spear of grass or any other forage left on them. This deterioration is going on at an amazing pace. Naturally, many stockmen drive their stock wherever they can find good grazing, or any grazing; and they are not so much concerned about the future if they can find sufficient forage for the present.

If you gentlemen of the committee will read the very complete reports that were made in former years by Secretary Hyde, of the Department of Agriculture, and Secretary Wilbur, of the Interior Department, during the Hoover administration, you will find that they had made tremendously strong and statesmanlike reports on this matter. There has never been at any time the slightest tinge of politics in the consideration of this subject by the Departments or by this committee or by the House. Going back 12 or 15 years ago, when I had the honor of being the acting chairman of this committee, much of the time we frequently talked over this matter of the orderly control and proper and systematic use and development of our western country and discussed this matter of the stabilization of the stock industry on the public domain. You Members who do not live in that country may not realize that a herd of cattle or a flock of sheep are worth little or nothing unless the owner has a place to graze them; and in order to build up or maintain and stabilize the stock-raising industry there must be some assurance as to where and what kind of range they may have and depend upon for their stock, what they can definitely rely upon in the way of pasturage. Otherwise, there would be no permanence to the business. People who have herds would not be safe; they would have no credit with the banks for securing money. They cannot secure money from the banks if they cannot show that they have some definite and sufficient place on the range where their stock may be adequately grazed. At this time there are large areas where it is a free-for-all and general-grab and hold-if-you-can policy with roving herds using the range. There is no security or safety to honest stock business. We have had many sheep and cattle wars. For many years there has been more or less a kind of guerilla warfare going on between and among the sheepmen and cattlemen, with bitterness, strife, ill-will, and more or less litigation, and some sad killings. We want to terminate that condition. I fully realize the fears of some people about Federal regulations.

Nearly the entire population of the West 30 years ago put up a vehement, heroic, and desperately bitter fight against the establishment of the forest reserves. We insisted that it was a flagrant violation of our inherent, sacred, and inalienable rights, extending over a hundred years, to graze our stock on the open free range on the public lands. We insisted that Uncle Sam had no business to come in and regulate us by strong arm, or to charge us a grazing fee. We thoroughly believed that the Government was brazenly robbing us of one of our greatest western birthrights. We insisted that they had no right to tell us that we could only feed our stock here or there, as they saw fit; or that we could not feed them at some other place. We vehemently objected and vociferously swore at Gifford Pinchot; but we were unceremoniously overridden, in spite of everything we could do. Governor Pinchot was the leader in that movement. He was a crusader who for several years went all over that country making speeches; and President Theodore Roosevelt backed him up, and they carried out his policies. It was one of his greatest achievements to conserve the timber upon and bring about the orderly use of these 137 millions of acres of the public domain.

The original very laudable purpose of the Pinchot forest-reserve crusade was to save the forest and preserve the timber on the public domain from ruthless destruction and exploitation. But after President Roosevelt had put nearly one quarter of our entire States into a forest reserve, about half of which was either above or below the timber line and did not have a stick of merchantable timber on it, Senator Henry M. Teller, of Colorado, put a stop to that wholesale performance by passing the act of Congress of March 4, 1907, prohibiting the creation or extension of any more national forests except by act of Congress in Colorado, Idaho, Montana, Oregon, Washington, and Wyoming; and the act was reenacted on June 25, 1910; and in August 1924 the law was extended to California; and on June 15, 1926, it was extended to Arizona and New Mexico. Ever since, it has been the law applicable to those States; and ever since those dates, when any of us Members of Congress from those States have wanted to put any

more land in the forest reserve, we have had to do so by the passing of a special bill for that purpose. I have passed about half a dozen or more of them myself.

I will digress just a moment to say that Senator Teller was "Colorado's grand old man." He was our first and one of the most useful and practically efficient Senators Colorado has ever had. He was my ideal of a public servant. He grandly and proudly represented our "Centennial State" in the United States Senate from the time it was admitted into the Union on August 1, 1876, for nearly 30 years. And during President Arthur's administration he was, we think in Colorado, the best Secretary of the Interior our country has ever had, primarily because he knew the West much better than any of the rest of them. He voluntarily retired from the Senate on March 4, 1909, the day I entered the House.

There are now in the forest reserves about 137,500,000 acres. About 14,000,000 acres are in my own State, and I think about 10,000,000 acres of it is in my congressional district. All placed in forest reserves over our most persistent and vehement objections. What is the result? Today there is nobody anywhere in the United States who would vote to throw those lands open to unrestricted use and free looting. Times have changed. No human being who has any foresight at all would today consent to turn those lands back to the law of the jungle, to free-for-all exploitations, and to the control and occupation by the Winchester. Now, President Franklin D. Roosevelt and his Cabinet officials are vigorously trying to do with the remaining 173,000,000 acres of public domain just exactly what President Theodore Roosevelt and Gifford Pinchot did with the 137,000,000 acres that are in the forest reserves, trying to adopt some orderly process for the development and civilized use of those remaining lands outside of the forest reserves. We all now take off our hats to President Theodore Roosevelt, Governor Pinchot, and the other far-sighted conservationists in those former days. Within 5 years after this bill becomes a law, the entire country will pay the same tribute of respect to President Franklin D. Roosevelt and Secretaries Ickes and Wallace. Sometime all those lands will be administered by the same department. But it is not at all possible to do so at this time. It naturally looks as though that would be the ideal way of handling all that 300,000,000 acres of Uncle Sam's domain. But Secretary Fisher, Secretary Franklin K. Lane, Secretary Work, Wilbur, and several other Secretaries of the Interior have all for many years urged the enactment of this measure to give their Department some control over the public domain; but they have strenuously all this time insisted that so long as the patenting of all those lands, handling of the mineral rights, the oil rights, the land surveys, the geological surveys, and other matters are in progress, the handling of the public domain should necessarily remain exclusively within the jurisdiction of the Interior Department. But I can see no reason why they should not in a few years administer them in coordination with the Agricultural Department.

Our greatest trouble for many years was that we were unable to get those two Departments to agree on anything. Finally, however, we did get Secretary Hyde and Secretary Wilbur to come to an agreement upon the matter; and the present Secretary of Agriculture Wallace and the present Secretary of the Interior Ickes, have simply adopted the policy of their two predecessors. They have very forcibly reported in favor of this bill, which is the same as the bill which passed the House last May or June, except as to the last section, 13. I, and most of the committee, strenuously opposed that section 13 of the former bill. It was forced into the bill on the floor of the House by gentlemen who were trying to kill the bill. That section provided that the measure should not take effect in any State until it was adopted by the State legislature of that State. That would mean, as the Secretary of the Interior has well said, that the State legislatures would practically control the Interior Department in its administration of the public lands, which, of course, would not be tolerated. I omitted that section when I reintroduced this bill as H.R. 6462; and therefore we have removed the objection which is so strenuously made by both the Secretary of Agriculture and the Secretary of the Interior in their original reports. I made one other change in the bill: The Secretary of Agriculture asked that the division of the fees be made equal; that is, that 25 percent should go to the counties for roads and schools and that 25 percent should go for improvements; and I have written that provision in the bill, instead of making the division 15 and 85 percent as in the other bill, and to which objection was made. Therefore, those two main objections have been removed from the bill.

When the bill passed the House last year, and it went over to the Senate, Mr. Colton, Mr. French, Mr. Leavitt, and Mr. Evans of Montana, and several others of us went before the Senate Public Lands Committee and presented the bill very fully and forcibly. But at that time some of the Senators were talking about and hoping to pass a bill to cede all the public domain to the States. Principally, Senator Kendrick, of Wyoming, and Senator Walsh, of Montana, both of whom have since passed to their reward, and both of whom were wonderful men, felt that if they could transfer these lands to the States, the States might better administer them. But, as we very emphatically and I think conclusively stated to them, and as this committee and everybody else know, it is absolutely a human impossibility to convey the public domain to the States without reservations of the subsurface rights.

At first blush, that looks very simple and all right and fine for the States. But when you investigate the matter, when you study what it means and especially when you get the reaction from the very strong and wide-spread conservation sentiment throughout the country and encounter the very emphatic opposition of all the administration's forces of this and all former administrations,

you will find you are butting your head against a very solid stone wall.

When it comes to conveying the 173,000,000 acres of public domain that Uncle Sam owns, from the blue sky to the center of the earth, to the States, I know and all the old Members know that Congress will not vote for that kind of bill. I doubt if, after you study the matter, you could get half a dozen votes in this committee to do such a thing. You could not get the support of this or any other committee, and you could not get any appreciable support in the House for that sort of measure. It is utterly idle to talk about it at this time. It is a very much larger and more complicated subject than some of you may realize. President Hoover's large Public Lands Commission, which held meetings and hearings for some 2 years, recommended that the surface only of the public lands be conveyed to the States. However, no State would be willing to accept that kind of title. Therefore, there is an absolutely impassable barrier to anything of that kind; and it is a waste of time to discuss it. In the meantime, there have been several bills pending to set aside districts; and two of them have passed. Congressman Leavitt, of Montana, passed one creating the so-called "Mizpah-Pumpkin Creek" grazing district in Montana, turning it over to the Interior Department. I understand they are getting along satisfactorily with that one, and I think there was one other bill for that purpose. However, that is piecemeal work, and many of those bills have been held up for the past 2 or 3 years, in the hope that this general measure would pass. In that connection, I might say, I think, without any violation of confidence, that the Secretary of the Interior felt very greatly disappointed that we did not pass this bill last summer, because, I understand, he had hoped that he might establish many of these C.C.C. camps on the public domain, besides those on the forest reserves and in the national parks and monuments. He could have done an immense amount of work on the public domain with those boys, in the way of preventing fire hazards, of creating and preserving watering places, building trails, improving the range, and in a hundred other ways; but he said he would not do that so long as he had no control over it, and he has not done so. He would not make important improvements of that sort when anybody could come along and locate on it as a stock-raising homestead, and in that way monopolize the benefit of what had been done.

Therefore, with one exception in Wyoming, none of those camps have been located upon that great area of 173,000,000 acres. None was located there, although they might have had probably 40 or 50 of those camps out there, operating to the marvelous benefit of all those 11 States. He felt, apparently, that if Congress did not see fit to authorize a systematic, orderly development and use and control of that range, he ought not to assume the responsibility of spending public money upon it. Of course, this is entirely a matter for the determination of Congress. It is something that is entirely within our jurisdiction. The failure to pass the bill last June has worked a very great loss to hundreds of unemployed young men in those 11 States.

If I may digress a moment, the 640-acre stock-raising homestead law has been referred to frequently in this hearing. I think it would be interesting to the members of this committee for me to say that my relation to the bill creating that law was something similar to my relation to this pending bill. About 1913 Congressman Ferguson, of New Mexico, and I prepared the original draft of that law. And he introduced the bill and worked desperately hard for about 2 years, until he retired from Congress, trying to pass the bill, and his failure to do so was a very great disappointment to him. I reintroduced the bill, and after a struggle of a year or more succeeded in passing it. It became a law on December 29, 1916. I thought—and many of us western Members thought—it was a great piece of constructive legislation in behalf of settling up the public domain by homesteaders that could not make a living upon 160 acres of land. It has been a marvelously beneficial law. Up to June 30, 1933, 24,326,349 acres of land had gone to patent under that law and have been placed on the tax rolls of the counties in which they are situated. There are now pending applications under that law for about 17,000,000 acres more; and the total amount of land that has been heretofore designated and classified as subject to stock-raising homesteads throughout the West aggregates the gigantic amount of 124,669,640. In fact, 85 percent of all homestead applications made nowadays are under that law. I thought I was rendering a great service to our country in piloting that bill through Congress and was quite universally complimented for many years; but in recent years the law has been abused, especially in Colorado, and I understand to some extent in some other States. I think it has been and is now being used as a subterfuge in many cases.

I will not personally assume the responsibility of calling a large number of the applicants for entries "dummies"; but I will say that it is reported to me that not one out of a dozen of those so-called "stock-raising homestead entries" are actually occupied in good faith as a home by the homesteader and his family, really living and making a living on the 640 acres of land as the law contemplates. And for that reason I have been repeatedly appealed to to repeal that law. And the Commissioner of the General Land Office has repeatedly officially recommended that that law should be repealed. Many people complain that it has been used as a subterfuge, for large stockmen to control the range rather than in good faith to make actual homesteads. And I understand that the Land Office officials have canceled many entries for that purpose; and there have been a number of prose-

cutions and some convictions for frauds perpetrated under that law. I introduced a general bill to repeal it in the last Congress; and I have introduced another bill, H.R. 2861, in this Congress to repeal the law as it affects the State of Colorado. But the law has been of very great benefit to the other States, and the sentiment in those States is very strongly opposed to its repeal. The Members from those States insist that the law has been tremendously beneficial in putting lands on the tax-roll that would never have been patented otherwise, and in requiring the owners to help support the schools and the county government. It has greatly helped in settling up the West. I think with the exception of the original 160-acre homestead law, no law has ever been enacted by Congress that has brought about the entry of as large a number of acres of land as this one law has. So that I am still really proud of being the nominal author of that law, notwithstanding I seriously deplore and regret the abuse and perversion that have been made of it in some localities.

Returning to the bill before us I may say this bill originally started with about a dozen lines, just putting all this public domain under the jurisdiction of the Interior Department, to be administered for the general welfare of the Government and for the public good. But we have been adding to it all the time until now the bill contains 10 pages, consisting quite largely of just unnecessary regulations written into the bill. The Secretary could do practically everything that is provided for in the bill if we had simply turned it over to him. Nearly all these things could be provided for by regulations. However, many people are not willing to just give carte blanche provisions of that kind in the bill. They, with some justification, feel that there are some things that they should specifically provide for or reserve in the law itself for their guaranty. There are several gentlemen here representing those various sentiments.

There are two distinguished lawyers here from my district, Mr. Dan H. Hughes, of Montrose, Colo., representing himself and also the proprietors of half a million sheep; and I bespeak for him a full hearing and the very careful consideration of this committee of whatever amendments he may offer. There is also here Mr. F. R. Carpenter, of Hayden, Colo., one of the most prominent and best-informed cattlemen in the State. He is in the city representing the cattlemen of western Colorado in connection with the bill making cattle a basic industry, and no one knows the range conditions of our State better than he, and he will frankly answer any questions anyone may ask about the range-cattle business. There are many other interests represented here. But I think all of them fully realize that we absolutely have got to sometime soon come to some system of governing the use of those public lands.

There are many vested rights, which should and must be respected and protected, which have grown up on the range. There are involved the rights of some who graze across State lines; and, naturally, they do not want those rights destroyed. They do not want to take any chances. Now, I have not the slightest objection to any reasonable amendments to this bill that will preserve those rights. They feel that if the number of stock, for instance, that some stockmen are running must be cut down, there should be a provision in this bill that the number of stock shall not be reduced more than 10 percent in any one year. I think that is a reasonable and fair request, so as not to put them out of business or to seriously injure them. Secretary Ickes has said to this committee that he is not in favor of reducing the herds, but of sending the excess number of stock to some other range. Certainly, as to those reasonable requests for common-sense regulations that are made in good faith, in order to protect vested rights, the committee should and undoubtedly will consider them very carefully and grant them. However, the principle, the main purpose or policy that is before the committee, is the conservation, the systematic use and orderly control of this vast public domain. Putting and maintaining it in a position where it will be of greater benefit and a greater asset to the public instead of being a liability, that is the question before this committee. If I may make a personal reference, I will say that I own three small ranches, and all of them are right adjoining the forest reserves and almost adjoining my home town of Glenwood Springs, Colo. I located and proved up upon one of them myself under the desert land law. So I have intimate personal knowledge of the forest reserves. Besides having some nine or ten millions of acres of forest reserves in my congressional district, I have something like that much public domain outside of the forest reserves; and I have lived right there nearly 50 years.

My father was a cattleman all his life, and I sat in a saddle most of the time for several years when I was a boy, and I have lived among stockmen all my life. The public domain and the forest reserves ramify every part of all of the 24 large counties in my district, which is the western half of Colorado. I travel over most of those counties nearly every year in an automobile, and I can tell usually within about a mile or so whether I am in a forest reserve or outside of it. I tell by the fact that the forage in the forest reserve is well preserved. It is being maintained and kept up; it is not overgrazed. But as soon as I get outside of the forest reserve, I notice the difference. In some places, even the grass roots have been pulled up. Of course, that is done by too many sheep. Mr. Chairman and members of the committee, it certainly does seem to me that in considering a far-sighted policy, we ought to seriously consider and give great weight to the judgment and wishes of our public officials who have the administration of the forest reserves and the public domain. All the

officials of our Government that have jurisdiction over both the public domain and the forest reserves are here before you. The forest reserve, represented here by Mr. F. A. Silcox, the Forester and Chief, and Associate Forester E. A. Sherman, and the Commissioner of the General Land Office, Mr. Fred W. Johnson, with his force, are present.

All those officials of both this administration and of President Hoover's administration have come before this committee, and all of them unanimously have appealed to you to favorably consider and report this bill. There is not a dissenting voice. They all join in requesting this legislation. They are not wedded definitely to the exact language of the bill. But, as the chairman has well said, there is not a line in these 10 pages that has not been gone over and over time and again. There is nothing that has been placed in here without careful consideration. There is no guess work about it. This bill has been before Congress year after year, and all its provisions have been very thoughtfully studied by this committee. It has also been carefully studied by the people generally throughout those 11 Western States, and some of the eastern people have taken an interest in it from a purely patriotic and conservation standpoint. They have been helpful to us. Of course, it more directly affects us. There are many millions of sheep and hundreds of thousands of head of cattle in those States, and it is very vital to our country that the stock-raising industry on that vast range be stabilized and systematized. That is what we are asking you to do. I have not the slightest desire or intention to do an injustice to any large stock owner. They are usually able to take care of themselves. And I have no objections to any necessary amendments to the bill to safeguard their vested rights. But I appeal to you most earnestly on behalf of the small ranchman, the little fellow—the homesteader with a few cows and work horses and possibly a few cattle or a little bunch of sheep. He is the man I am appealing for and am the most concerned about. I appeal to you to protect him and his family and his home and his little band of stock.

This law would be a godsend to those people who cannot come here and speak for themselves. This inaugurates a new policy; and, of course, we may get objections from some man here or there who fears this law might interfere with his range. Some of the large sheep outfits fear that the Secretary might regulate them more than they would like. Then some complain that there would be a double grazing charge. But I can say to the committee definitely, from my many conferences with both Secretaries Wilbur and Ickes, and Hyde and Wallace, and their assistants, with all of whom I have been closely associated—as some of you know because of my work on the Interior Department appropriation committee—that they have no thought of prescribing fees that will be any burden upon the stockmen. As Secretary Ickes has so stated to you, they have forces of men from the General Land Office and the Geological Survey, inspectors and others, working on the public domain. But they have no legal authority to say to a man, "Mr. Jones, you must not put more than so many head of cattle or so many head of sheep on this range, because it will not bear any more than that number, and you can put the rest of them over on another range which you can take." The western part of my congressional district was formerly the Ute Indian Reservation. It is the newer part of the "Centennial State." It is one of the greatest stock countries in the United States. I represent several thousand of cattlemen and sheepmen and many thousands of small ranchmen, homesteaders of very limited means. Having lived right among those people nearly all my life and having been supported by most of them and sent to Congress to represent them for nearly 26 years, I would be the last one in the world to try to inflict any hardship upon any one of them. Of course, it will take some time to readjust the grazing rights, but both Secretaries assure us that the Interior Department will have the full benefit and cooperation and experience of the Agricultural Department and the Forest Service in inaugurating practically the same system that is working so well on its forest reserves.

I firmly believe that this is a condition that we have got to face sooner or later. This law should have been enacted 20 years ago. I feel that it is a patriotic duty that we owe the country to take this bill up and amend it if and wherever necessary to protect all kinds of vested rights. If necessary, you should add provisions to take care of mining rights, vested rights in waterholes, and things of that kind. I believe the wording of the bill is broad enough to cover all those various phases. If you will take this bill up and analyze it, section by section, and go over it thoroughly, I do not believe that anybody's just rights will be violated. Of course, those are matters for you to consider. I ask you to give careful consideration to all the amendments that are proposed by the various interests.

In conclusion, if you will pardon a personal prophecy, I venture to predict that of all the very many vast, untried, and tremendously important bills we are enacting in this Seventy-third Congress that history will record that none of them are of more universal and far-reaching benefit to our country than this gigantic conservation measure, applying as it does to one ninth of the entire area of the United States; and that every one of you gentlemen and the gracious lady member of this committee in the years to come will be supremely proud of having taken part in placing this great measure upon the statute books of our country.

The endorsement of this measure by the President of the United States is contained in a letter to Secretary Ickes, which I will insert as a part of my remarks, as follows:

WHITE HOUSE,

Washington, D.C., February 21, 1934.

MY DEAR MR. SECRETARY: I have discussed with you and the Secretary of Agriculture, Congressman TAYLOR's bill, H.R. 6462, to give to the Secretary of the Interior the power of regulating grazing on the public domain.

I favor the principle of this bill; and you and the Secretary of Agriculture are authorized to say so to the House Committee on the Public Lands.

Very sincerely,

FRANKLIN D. ROOSEVELT.

I insert a letter from the Secretary of the Interior to the Chairman of the Rules Committee, which is self-explanatory, and is as follows:

THE SECRETARY OF THE INTERIOR,
Washington, March 16, 1934.

HON. EDWARD W. POU,

Chairman Committee on Rules,

House of Representatives.

MY DEAR MR. POU: The Taylor grazing bill, H.R. 6462, reported favorably from the Public Lands Committee last week, has the endorsement of the President, and its passage is being strongly urged by both Secretary Wallace and myself.

I regard this bill as the most important measure which the Department of the Interior has before Congress this session, and anything which you can do to bring it before the House for consideration at an early date will be greatly appreciated.

Sincerely yours,

HAROLD L. ICKES,
Secretary of the Interior.

The Rules Committee has granted a rule for the consideration of the bill, authorizing 3 hours of general debate to be followed by the full consideration of the bill for amendments in the ordinary manner under the 5-minute rule.

I insert a letter of the former Secretary of the Interior, Ray Lyman Wilbur, to the chairman of this committee, dated May 9, 1932, as follows:

H.R. 11816 has received very careful consideration in this Department, and it is believed to be a workable and desirable piece of legislation. Its benefits will not only be local, but State- and Nation-wide.

I recommend early and favorable action.

Very truly yours,

RAY LYMAN WILBUR, Secretary.

The bill H.R. 11816 of the Seventy-second Congress was substantially the same as this bill 6462.

I also insert a part of a letter from the former Secretary of Agriculture, Arthur M. Hyde, to the chairman of this committee, dated May 7, 1932, in reference to H.R. 11816, as follows:

I am transmitting herewith a detailed analysis of this measure prepared at my request by the Chief of the Forest Service. I cannot too strongly urge that comprehensive legislation of this character receive your prompt and favorable consideration. The remaining public unreserved lands are too great a potential agricultural asset for the Nation to longer neglect and ignore. Their use should be regulated and their values conserved in a businesslike, common-sense way in the interest not only of the present users but their posterity as well.

Sincerely yours,

ARTHUR M. HYDE, Secretary.

I insert two reports by Secretary of the Interior Ickes and one by Secretary of Agriculture Wallace. These reports refer to the same bill. This bill was formerly introduced in the Seventy-second Congress by Congressman Colton, of Utah, and it passed in the House as H.R. 11816, and failed in the Senate. I reintroduced the bill on March 10, 1933, as H.R. 2835. I afterward eliminated the section 13 referred to in those reports and reintroduced the bill on January 5 of this year as H.R. 6462. All three bills are practically identical, excepting that the present bill does not contain the section 13 that both Secretaries, the General Land Office, and the Forest Service all vigorously opposed, and this bill authorizes 25 percent of the receipts from grazing fees to be expended upon improvements of the range, instead of 15 percent, as in the former bill.

TO PROVIDE FOR THE ORDERLY USE, IMPROVEMENT, AND PRESERVATION OF THE PUBLIC RANGE

REPORTS OF SECRETARY OF INTERIOR AND SECRETARY OF AGRICULTURE

The bill is analyzed and fully explained in the reports from the Secretary of the Interior and from the Secretary of Agriculture on H.R. 2835 (Congressman TAYLOR's previous grazing bill, which for all practical purposes is substantially the same as H.R. 6462), which reports are herein set out in full and made a part of this report.

DEPARTMENT OF THE INTERIOR,
Washington, June 2, 1933.

HON. RENÉ L. DEROUEN,
Chairman Committee on Public Lands,
House of Representatives.

MY DEAR MR. DEROUEN: Since May 22, when I submitted my report on H.R. 2835, a bill to stop injury to the public grazing lands by preventing overgrazing and soil deterioration, to provide for their orderly use, improvement, and development, to stabilize the livestock industry dependent upon the public range, and for other purposes, I have given further consideration to the measure in connection with the administration of the provisions of the act of March 31, 1933, Public No. 5, Seventy-third Congress, known as the "Emergency Conservation Work Act" for the relief of unemployment through the performance of useful work, and in view of the rapidity with which important problems have developed and the necessity of formulating broad and comprehensive plans for carrying forward this important measure without interruption during the next 2 years, the following supplemental report is submitted:

The act of March 31, 1933, provides, among other things, for the—

"Prevention of . . . flood and soil erosion . . . and such other work on the public domain, national and State, and Government reservations incidental to or necessary in connection with any project of the character enumerated."

This has led Mr. Robert Fechner, Director of Emergency Conservation Work, the Advisory Council, and this Department, to give careful consideration to what might be done to prevent, or at least check in some degree, the injuries that are resulting to the public domain through the lack of adequate control or regulatory authority in this Department.

The United States Supreme Court has held that the public lands are a grazing common for the use of the public, and Congress has given this Department, which is charged with the administration of the public lands, but very limited authority to control their use. Through their abuse the balance of nature has been so disturbed that the 173,000,000 acres of the public domain that remain vacant, unappropriated, and unreserved stand in great need of work such as is contemplated by the aforesaid act. These lands are confined largely to 11 of the Western States, as follows: Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

As distressing as the need is for arresting this deterioration and instituting restorative measures, it would be unsound, economically, to include such work in the conservation program in the absence of a satisfactory future control of the lands benefited and the permanency and continued maintenance of such projects.

The proposed bill, in addition to its inherent merits, would clothe this Department with the power to regulate the use of the remaining public lands as to justify the undertaking of important work looking to flood control, the protection of watersheds and water supplies, the checking of erosion, and the regulation of grazing, including the development of water holes and stock driveways. I cannot too earnestly emphasize the tremendous importance of the bill, which, if promptly enacted into law, would be a great step forward in the interest of true conservation and would furnish work upon which thousands of unemployed citizens could be engaged in the late fall and winter when work in the conservation camps in the higher altitudes of the national parks and forests will be impossible.

As to the bill itself, my report of May 22 calls attention to the objectionable feature of section 13. At the expense of repetition I again voice my opposition to vesting any State with veto power over the utilization by the Federal Government of its public lands. I also invite attention to the fact that when the bill was before the Seventy-second Congress, first session, as H.R. 11816, and favorably reported upon by this Department, section 10 provided for a payment of 25 percent of the moneys received from each grazing district, during any fiscal year, to the State in which the grazing district was situated. This proposed payment was, upon the committee's recommendation, increased by the House from 25 to 35 percent. Section 500, title 16, U.S.C., provides—"that 25 percent of all moneys received during any fiscal year from each national forest shall be paid at the end of such year by the Secretary of the Treasury to the State in which such national forest is situated . . ."

It will thus be seen that the percentage to be paid the States from funds derived from grazing on the public lands, under the proposed legislation, is 35, whereas the percentage to be paid the States from funds derived from grazing on the national forest is but 25.

As you of course know, the status of the lands within the national forest reservations is such that the Forest Service, Department of Agriculture, has been able lawfully to control and manage grazing upon the lands in such reservations, both as to the number of head to be grazed and the season of grazing. The improvement and development of the forest range under such control is unquestioned, but at the same time the regulating of the seasonal use of the forest areas has been one of the contributing factors in the overgrazing of the public lands.

H.R. 2835 will not only assist in stabilizing the livestock industry but will permit the coordinating of the grazing use of both the public lands and forest reservations. It will also prevent the disintegration and destruction of the public range and meet the crisis that will doubtless be reached in the fall and

winter when thousands of the emergency conservation workmen will be driven from their summer camps.

I again most earnestly recommend that H.R. 2835, when amended, be enacted into law.

Sincerely yours,

HAROLD L. ICKES,
Secretary of the Interior.

INTERIOR DEPARTMENT,
Washington, May 22, 1933.

HON. RENÉ L. DEROUEN,
Chairman Committee on the Public Lands,
House of Representatives.

MY DEAR MR. DEROUEN: I have received your request for report on H.R. 2835, a bill to stop injury to the public grazing lands by preventing overgrazing and soil deterioration, to provide for their orderly use, improvement, and development, to stabilize the livestock industry dependent upon the public range, and for other purposes.

With the exception of their mineral content and of limited areas suitable for cultivation after being reclaimed by the application of water, most of the remaining public domain is valuable chiefly for grazing. The policy of the Government has permitted or tolerated grazing on the unreserved public lands by sufferance without control or regulation. With the exception of two small areas in Montana and in California, where special acts have authorized regulation by the Secretary of the Interior, neither this Department nor any other department of the Government has the authority to prevent overgrazing or to in any manner protect or develop the forage on the public lands. The result has been overgrazing, diminution or destruction of the forage crops, with resultant soil deterioration and erosion. Moreover, in addition to destruction of the forage, which results in the public lands being incapable of sustaining the number of livestock which they could under proper control, those engaged in the livestock industry have no certainty of tenure in their grazing use of the public lands. This situation seems now to be thoroughly realized both by local organizations and individuals interested in the livestock industry and by Congress.

This Department has received numerous communications urging regulation and control of the grazing resources for the public benefit. It is believed to be in the interest of the public, of those engaged in the industry, and for the best protection, improvement, and development of the lands to have a uniform policy applicable to all the public lands in the Western States.

H.R. 2835, now 6462, as indicated by its title, is a general bill, applicable to all public lands of the United States outside of Alaska and not included in national forests, parks, and monuments, or Indian reservations.

Section 1 of the bill would authorize the Secretary of the Interior to establish grazing districts or additions thereto, subject to prior existing valid claims.

Section 2 would authorize the Secretary of the Interior to make the necessary rules and regulations and to do those things necessary to carry out the purposes of the act.

Section 3 would authorize the issuance of permits to graze livestock in such grazing districts to homesteaders, residents, and other owners of livestock, upon payment annually of reasonable fees, the permits to be issued to individuals, groups, or associations for not exceeding 10 years, but subject to renewal in the discretion of the Secretary of the Interior. The Secretary is authorized to specify from time to time the numbers of stock to be grazed and the seasons of use of such districts. Provision is made for remission, reduction, or refund of grazing fees during certain specified emergencies.

Section 4 permits the placing of such improvements as fences, wells, reservoirs, etc., upon permitted areas in connection with their development and use.

Section 5 authorizes the Secretary to permit limited free grazing within such districts of livestock kept for domestic purposes and also to permit the use under existing laws or future laws of timber, stone, gravel, etc., by bona-fide settlers, miners, residents, and prospectors.

Section 6 expressly continues in force in such districts, the laws of Congress authorizing the granting of rights-of-way and for the prospecting, locating, developing, entering, leasing, or patenting of the mineral resources.

Section 7 authorizes the Secretary of the Interior to examine and classify lands in grazing districts which are valuable and suitable for agriculture and to open such areas to homestead entry in tracts not exceeding 160 acres.

Section 8, recognizing that these districts will necessarily frequently contain lands in private ownership or owned by States or railroads, makes provision for the Secretary, in his discretion, to make exchanges of lands for the mutual benefit of those concerned.

Section 9 requires the Secretary to provide for suitable regulations for cooperation with local associations of stockmen and with such supervisory boards as may be named by such associations. The views of these boards are to be given consideration in the administration of the area. This section also authorizes the Secretary of the Interior to accept contributions toward the administration, protection, and improvement of the district.

Section 10 provides that all moneys received, except those under the preceding section 9 and under section 11 of the bill which relates to Indian lands, shall be deposited in the Treasury of the United States; and thereafter 15 percent of the moneys shall

be utilized for the improvement of the range and 35 percent of the receipts shall be paid by the Secretary of the Treasury to the State in which the district is situated, to be expended as the State legislature may prescribe for the benefit of public schools and public roads of the county or counties in which the district is situated.

Section 11 deals with lands which have been ceded to the United States by Indians for disposition under the public-land laws upon condition that the receipts therefrom shall be credited to the Indians. It provides that all grazing fees, less 15 percent, shall be deposited to the credit of the Indians; also that, pending such final payment, the public-land laws of the United States relating to said Indian-ceded lands shall continue in operation subject to the supervision of the Secretary of the Interior.

Section 12 authorizes the Secretary of the Interior to cooperate with any department of the Government in carrying out the purposes of the act and in the coordination of range administration, particularly where the same stock grazes part time in a public-domain grazing district and part time in a national forest or other reservation.

Section 13 provides that the act shall not become effective in any State until after approval by the legislature of such State, and that each State may designate one or more representatives or officials with whom the Secretary of the Interior is authorized to make and enter into suitable agreements for cooperative administration of grazing on public lands and lands owned or controlled by the State which shall be subject to rules agreed upon and promulgated by "both the Secretary of the Interior and said State."

The first provision in said section 13 is unprecedented, so far as I am aware, in legislation affecting the public lands of the United States and has the effect of impairing or defeating the control of the United States over its own lands. In other words, it authorizes and vests in a State the veto power over utilization by the Federal Government of its public lands. The provision for agreements for cooperation in administering areas, including both public and State lands, contained in section 13 is unnecessary because such right exists in other provisions of the bill and under the general authority of the Secretary of the Interior.

The last provision, which requires the rules and regulations to be agreed upon both by the Secretary of the Interior and the State, again divests the United States of control of its own property and is in my opinion undesirable. Cooperation is provided for and contemplated in section 9 of the bill with local interests, and in section 12 of the bill, with other Government departments.

I therefore recommend that the bill be enacted into law, provided section 13 thereof is eliminated.

Sincerely yours,

HAROLD L. ICKES,
Secretary of the Interior.

DEPARTMENT OF THE INTERIOR,
GENERAL LAND OFFICE,
Washington, May 22, 1933.

Memorandum for the Secretary.

PROPOSED REPORT ON H.R. 2835, THE SO-CALLED "GRAZING BILL"

For more than 10 years the enactment of a law authorizing the regulation of stock grazing on the public domain has been under consideration by the Congress. It is the belief of the officials of this Office that during this entire period a majority of the Members of the House of Representatives and of the Senate favored such regulation, but that minor differences of opinion concerning matters not vital caused postponement of action.

The range users have never been entirely united in support of a particular measure. There have been differences of opinion between those having large outfits and those controlling only a few head of stock, and a wider difference of opinion between stockmen and sheep raisers.

A number of the States have objected upon the theory that the establishment of a grazing district would restrict the State in its indemnity selections.

Others object because they prefer an enlargement of the provisions of the stock-raising homestead law. The most recent objection urged against the control of grazing is from those advocating turning the lands over to the States. They express the fear that if the Federal Government enters upon a control policy it will not consent to giving the public lands to the several States.

Something must be done to protect the forage growths or the grazing value of the lands will be destroyed. As a matter of conservation it is essential that destructive overgrazing be ended.

FRED W. JOHNSON, Commissioner.

DEPARTMENT OF AGRICULTURE,
Washington, June 5, 1933.

HON. RENÉ L. DE ROUEN,

Chairman Committee on the Public Lands,

House of Representatives.

DEAR MR. DE ROUEN: Receipt is acknowledged of your letter of May 23 requesting the views of this Department upon the bill (H.R. 2835) to stop injury to the public grazing lands by preventing overgrazing and soil deterioration, to provide for their orderly use, improvement, and development, to stabilize the livestock industry dependent upon the public range, and for other purposes.

The subject of the bill is one of particular importance at the present moment. Under the provisions of the act approved March

31, 1933 (Public, No. 5, 73d Cong.) an opportunity now exists to conduct on the unreserved public lands a number of activities which will conserve and enhance their public values. The initiation of those activities will at the same time afford a wide field for constructive and creative work by the members of the Emergency Conservation Corps created by the act of March 31, 1933, and will afford many opportunities for profitable employment by members of the corps within their homes or adjoining States. These reasons in themselves would seem to warrant early and favorable consideration of the measure.

There are, however, a number of other important considerations of public interest which would seem to justify early and constructive action upon the bill. The 173,318,000 acres of unreserved and unappropriated public lands represent slightly more than 9 percent of the total land area of the continental United States. They occur in some degree in 24 of the States but all save a negligible part are now to be found in the 11 Western States commonly referred to as the "public-land States." These lands form large and important parts of the watersheds upon which the majority of the irrigation projects are dependent and of many streams of value for purposes of water transportation. They are in large part the bases of the western livestock industry, one of the major industries of the Western States, and any deterioration or improvement in their forage productive quality or value profoundly affects the economic interests of those States. This thought is strikingly confirmed by the concern now felt by some western transcontinental railroads over the falling-off in the volume of livestock shipments in recent years and in apparent relation to the decline in the productivity of the western range lands. Coincident with the main purposes or uses of these lands are certain related uses for purposes of outdoor recreation or as habitats for wild animals and birds.

There now is wide-spread recognition of the fact that the uncontrolled use of these lands during the past half century has gravely impaired their social and economic value. Unseasonal and excessive grazing has caused a progressive deterioration in the vegetative cover over much of the land, so that both in density and palatability it is markedly inferior to what it was during earlier stages of occupancy and use. A natural concomitant of the destruction or impairment of the protective vegetative cover has been an acceleration of soil movement or erosion, which not only has reduced the value of the lands from which the soil has been moved but has also reduced the value of irrigation and power reservoirs, canals, ditches, etc., through increased sedimentation. The impairment of the value of the lands themselves also impairs the value of other lands, utilities, and services.

In recognition of these facts the Department of Agriculture during the past quarter century consistently has advocated the systematic control and management of the public lands. The practicability and effectiveness of such management has abundantly been demonstrated within the national forests. The Department in its advocacy of public-land regulation has been motivated by two major objectives: One, a better correlation between the use of the national forests administered by the Department and the closely related use of the unreserved public lands; the other, the general purpose of the Department to promote the sound and systematic use and betterment of all lands chiefly valuable for farm-crop production or pasturage. Proper control and regulation of the unreserved public lands appreciably would simplify the work of this Department in national-forest management and in land economic problems.

In its present form, however, the bill H.R. 2835 contains three provisions to which this Department cannot give its approval. These provisions were not in the bill as originally introduced, but occur as amendments by the House Committee on Public Lands. Specifically they are as follows:

Page 6, lines 16, 17, and 18: The interpolation of the words "county or if any suitable lands cannot be found in the county, in any other part of the same . . ." unnecessarily restricts the exchange authority granted by this section in that before any exchange could be made it would be necessary to carefully determine and certify that no suitable lands could be selected in the county containing the offered lands. This seems to be a needless restriction. There is no such restriction in the General Exchange Act of March 20, 1922 (42 Stat. 465), applicable to national forests, and it is not apparent that one is necessary in the bill H.R. 2835. It, therefore, is recommended that the words quoted be deleted.

Page 8, line 23: Section 10 of the bill provides "an additional 35 percent of the money received from each grazing district during any fiscal year shall be paid at the end thereof by the Secretary of the Treasury to the State in which such grazing district is situated. . . ." The comparable payment from national-forest receipts under the provisions of the act approved May 23, 1908 (35 Stat. 260), is 25 percent. No reason is evident why the proportion of gross receipts from the grazing districts payable to the counties should be greater than the proportion payable from national-forest receipts. Careful studies hitherto made have demonstrated that 25 percent of national-forest gross receipts plus other expenditures by the Federal Government for road and trail construction, improvements, etc., generally approximate and sometimes exceed the maximum amount that the county probably could derive from the same lands were they subject to private appropriation and taxation. It should be remembered that while the lands which would be affected by the bill H.R. 2835 are in the main freely open to appropriation and entry, they have continued unappropriated, presumably because nobody considered

them worthy of appropriation, and at present the counties derive no revenues from them. An allowance of 35 percent of the gross receipts from the grazing districts which would be created by the bill H.R. 2835 therefore would seem to be in excess of the country's equitable share in the return from such lands, and I am strongly of the opinion that the percentage payable to the counties should not exceed 25 percent; accordingly I recommend that line 23 of page 8 should be so amended.

Section 13 of the act not only seems to contemplate but apparently would make mandatory "the cooperative administration of public grazing upon such public lands of the United States, and the lands owned by, or subject to the control of, said State or any political subdivision thereof, which shall be subject to such rules and regulations as shall be agreed upon and promulgated by both the Secretary of the Interior and said State." The effect of this section apparently would be to give a State containing unreserved and unappropriated public lands a dominant voice in determining the principles and plans of management to which such lands would be subject and thus would make it impossible for the Federal Government freely to adopt or execute desirable plans of land use and management except where State concurrence was secured. The preponderance of available factual data seems strongly to demonstrate that the requirements of public interest and safety will necessitate not only more carefully planned use of land but extensive programs of remedial action to check the adverse results of past abuse of lands. As the trend assumes more definite form it becomes increasingly apparent that the larger part of this program must be undertaken by the Federal Government. It, therefore, seems quite inappropriate for the Federal Government to enact legislation applicable to almost one tenth of its total land area which will impose additional restraint and restrictions upon such action as may be found necessary in the public interest. The retention in the bill of section 13 apparently would mean that while the Federal Government would have all of the expense of administering and improving the public lands, the States containing such lands would not only derive practically all of the benefits of such administration and improvement but also would largely have the power to determine the principles or forms of management and conditions of use. An opportunity thus is created for an aggressively presented local interest to dominate the broader and more important national interest. For the reasons given the total elimination of section 13 from the bill is recommended.

Subject to the changes herein proposed the bill H.R. 2835 would be entirely acceptable to the Department of Agriculture. The reasonable assumption is that the Department of the Interior, under the authority contained in the bill, would develop principles and plans of range management which in general would be in harmony with the system which has been developed within the national forests during the past 28 years. The stockmen using the national-forest ranges during the summer seasons thus would secure stability and certainty of tenure upon the unreserved public lands which form their spring and fall and sometimes their winter ranges, and thus could develop their enterprises in more permanent and constructive ways than is practicable under the hitherto prevailing conditions of complete uncertainty as to their continued use of the ranges upon which their operations depend. The proposed legislation would be beneficial not only to the two Departments concerned but to the great majority of the States containing unreserved and unappropriated public lands. As stated above, it also would be most timely to the degree that it makes possible constructive work on public lands under the provisions of the Emergency Conservation Act of March 31, 1933. I heartily recommend its enactment, if amended as suggested.

This matter was referred to the Budget Bureau, as required by Budget Circular 49, and under date of June 5 the Director of the Budget Bureau advised the Department as follows:

"You are advised that the expenditures contemplated would not be in conflict with the financial program of the President, if the proposed legislation were amended in accordance with the recommendations contained in your report, and if further amended to authorize annual appropriations for improvements, by striking out on page 8, line 21, the words 'made available', and inserting in lieu thereof the words 'authorized to be appropriated.'"

Very sincerely yours,

H. A. WALLACE, *Secretary.*

H.R. 8349—TOBACCO WAREHOUSE BILL

Mr. FLANNAGAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on House bill 8349, known as the "tobacco warehouse bill."

There was no objection.

Mr. FLANNAGAN. Mr. Speaker, on February 28, 1934, I introduced a bill, H.R. 8349, to regulate the sale of tobacco upon the warehouse floors scattered over several of the States of the Union. I desire to discuss the bill for a few minutes this morning in order to bring the matter to the attention of the Members of Congress, the tobacco growers, and warehousemen.

My study of the tobacco situation, and I have given considerable thought and study to the question during my service as a member of the Agriculture Committee for the past

3 years, leads me to the conclusion that the tobacco growers of our country from the time they take their tobacco to the warehouse until it is sold are absolutely at the mercy of the warehousemen and tobacco buyers. It is true that some of the States have tobacco laws regulating the marketing of tobacco, but most, if not all of these State laws, either do not go far enough or are dead letters. What we need is a uniform tobacco marketing act under Federal regulation that will be strictly and impartially enforced in every tobacco warehouse in the Union. The passage of such a law will not injure the warehousemen and buyers who are doing an honest and legitimate business and will bring untold benefits to the tobacco growers.

The only open criticism I have seen so far of the bill is that "it goes too far and does not constitute a wise step to follow the crop-reduction plan." In my opinion we need tobacco-warehouse legislation more today than ever before. We have asked the growers to reduce production, and when we do this we should certainly see that they are given every protection in marketing their tobacco so they will receive the highest price possible in order to compensate them, as far as possible, for the reduction in production.

To be perfectly frank my bill is drawn to protect the growers of tobacco and, in my opinion, will go a long way in protecting them. There is, however, nothing in the bill to which the warehousemen and buyers can take exception. If they are not guilty of the evils sought to be corrected, then, of course, the bill will not affect them. If they are guilty of these evils, then fairness and justice demands that they should be made to correct them.

In passing, I want to drop this thought: The growers had better be skeptical of the warehousemen and buyers who oppose this legislation.

TOBACCO WAREHOUSES ARE PUBLIC UTILITIES

Tobacco warehouses are public utilities and should be regulated as such. It is time that we faced the facts and protected the tobacco growers. We regulate by Federal legislation the cotton exchange, where cotton is sold; the wheat exchange where wheat is sold; the stockyards, where cattle are sold; but leave the tobacco grower at the mercy of the warehousemen and buyers.

No wonder the warehousemen and tobacco companies have grown rich. They have had good picking all these years and believe me they know how to pick. No wonder the tobacco companies, in spite of the depression, have been able to pay large salaries and show huge profits from year to year. Why, Mr. Grower, do you know that the American Tobacco Co. has been paying its president, George W. Hill, \$2,500,000 per year? And, Mr. Grower, let me tell you how these huge salaries are paid and these huge profits are made. These unconscionable salaries have been paid and these enormous profits have been made by robbing the tobacco growers out of their tobacco. I know that these are harsh words, but everyone who knows anything about the tobacco business knows that they are true.

I can prove my statement by giving just one example: Take a package of cigarettes made out of burley tobacco. At 15 cents per pound for burley tobacco—and the farmers are not getting that much—the tobacco in a package of cigarettes brings the tobacco grower just 0.9 of 1 cent. The factory cost for making the package of cigarettes is 0.7 of 1 cent, the cost for selling the package 0.3 of 1 cent, and the Government tax 4 cents on the package, making a total cost of 5.9 cents. The package of cigarettes retails for 15 cents, or two packages for 25 cents, leaving a profit of from 7 to 9 cents per package. If you will only stop and figure you will find that the same is true of cigars, smoking tobacco, and chewing tobacco. Now, the above figures are not guesswork. They were compiled by Dr. Jones of the tobacco section of the Department of Agriculture.

Now take the package of cigarettes. Listen. If the buyer increased the price of burley from 15 cents to 30 cents per pound, this advance in the price of tobacco would only increase the cost of producing a package of cigarettes nine tenths of 1 cent. It is evident, therefore, that the tobacco grower could be paid 100 percent more for his tobacco with-

out materially reducing the profits of the manufacturer and without increasing the cost to the consumer.

Now, in all fairness, I want to ask this question: Is it not about time that the profits from tobacco should be more equally distributed between the grower, the warehouseman, and the manufacturer? The consumer, for his chewing and smoking, pays a price that leaves a handsome profit. The trouble is the grower has been unable to share in the profit.

Another thing: Our present system of marketing tobacco is monopolistic. Warehouse services are governed by rules and regulations promulgated by what is known as "the board of trade." As strange as it may sound, the tobacco growers, however, while forced to use the facilities of the tobacco warehouse, if they market their crops, have no voice in promulgating the rules and regulations, that is, in fixing the charges or setting up the regulations under which their product is sold. It simply is not right. It is not fair. And it is the duty of the Government to step in and regulate this particular public utility, having for its object, as in other laws regulating public utilities, the protection of that part of the public affected, which, in this case, is the tobacco grower.

In sponsoring this legislation I am not unmindful of the fact that the warehousemen and buyers will attempt to defeat its passage. They are well organized, and many of them, through their hirelings, will put on an effective campaign of misrepresentation and deceit. I use the words "many of them" advisedly, because I know some of the warehousemen are sympathetic and will not oppose the bill. Oh, I know what is coming. I have already heard some of their insidious propaganda.

They will try in every conceivable way to create the impression that the bill is not in the interest of the growers, and that their sole object in opposing the bill is to protect the dear growers from the effects of such ill-considered legislation. Mr. Grower, you may not now suspect it, and when you remember some of your past experiences you may be a little shocked to hear it, but remember my words when I tell you that you are soon to be told that the best friends you ever had are the warehousemen and buyers.

In answer I say, "Beware of the Greeks bearing gifts."

They will tell you, Mr. Grower, that the bill goes too far.

Well, let me answer that argument: You can tell about any kind of a tale on a fellow if it is untrue. The moment you begin joking him about the truth you immediately hear the cry, "Old man, be careful, don't go too far."

They will tell you, Mr. Grower, that the bill is a radical, vicious piece of legislation.

In answer I say: If the usury laws which prohibit the charge of high and exorbitant interest rates are radical and vicious, then I admit that this bill which prohibits the charge of high and exorbitant commissions on tobacco sales is radical and vicious. If the law that prohibits an agent from acting in a dual capacity is radical and vicious, then I admit that this bill which prohibits a warehouseman from buying tobacco from a grower for his own account and then charging the grower for making the sale is radical and vicious. If the law which prohibits a merchant from short-weighting you is radical and vicious, then I will admit that this bill which prohibits the warehouseman from short-weighting the grower is radical and vicious. And if the laws against deceit, fraud, and trickery are radical and vicious, then I will admit that this bill which provides for the inspection and grading of all tobacco, thus prohibiting the fraud, deceit, and trickery that has been going on in selling tobacco of a certain grade as tobacco of a lower grade, thus robbing the grower of the higher price, is radical and vicious.

The best way, however, to find out if the bill is against the interest of the growers, if it goes too far, and if it is radical and vicious legislation, is to examine the bill. Now, let us for a few minutes dispassionately, honestly, and fairly examine the provisions of the bill.

OPENING DATE OF SALES

Under the bill the Secretary of Agriculture is authorized to designate the opening sale dates for the various types of tobacco markets.

This is a wise provision. Under the present system the growers of tobacco do not have any control over when the markets will open up. While there is good reason to believe that some of the markets should be opened sooner than they have heretofore opened, without some regulation the growers are left at the mercy of the buyers on such questions, because the buyers have always decided when the markets shall be opened, notwithstanding the fact that the growers may suffer considerable loss by not being able to market their tobacco when ready for market. Again, in some instances the buyers elect to stay on a particular market only during a given period, thus compelling undue haste and inexcusable congestion in marketing. Does this provision go too far?

ORDERLY MARKETING

The bill contains many wise provisions which will insure the orderly marketing of tobacco. Under our present system growers have to wait, sometimes for days, or else take their tobacco back home, due to the fact that the warehouse floors are full. And on many of the tobacco warehouse floors the congestion is so great that the tobacco is piled around in a haphazard sort of way, no regard whatever being paid to displaying the tobacco in such a way as to reveal its true grade. Tobacco, when piled around in such a haphazard way, does not reveal its true worth, and consequently brings a lower price, in many instances, than it should.

Under the bill we would have an orderly system of marketing. The bill provides that all growers shall be accorded the same privileges and services by the warehouseman; that the warehouseman shall assign floor space in the order applications are filed, keeping a book showing all reservations of floor space; that no person shall tamper with, molest, walk on, or in any way damage tobacco while on the floor; and that the warehouseman shall provide for each basket or container in which tobacco is offered for sale a ticket, upon which shall be designated the net weight of the tobacco, and so forth.

The bill also gives the Secretary of Agriculture, in addition to the specific powers enumerated above, very broad powers in making rules and regulations prescribing the method of handling tobacco.

Does this provision go too far?

If you are paying a man to serve you, is it going too far to demand that he render real and efficient service?

OVEREXPANSION

The bill provides that all warehousemen shall be licensed, and no person shall be granted a license to operate or conduct a tobacco warehouse unless such warehouse shall be found, upon investigation made by the Secretary of Agriculture, to be necessary.

The object of this provision is to keep the warehouse business from becoming overexpanded.

A casual study will convince any fair-minded man that there has been a considerable overexpansion of warehouse facilities in certain areas. The tobacco grower pays for these additional and unnecessary warehouses. Why? Simply because the warehouseman's chief source of revenue is the commissions he receives for selling the growers tobacco. If, for example, there is an overexpansion of 25 percent in warehouse facilities, this can only have one meaning and that is the tobacco growers, in order to maintain this overexpanded industry, are having to pay at least 25 percent more for selling tobacco than is justifiable. There are other evils of overexpansion, such as ruthless competition, and so forth, the expenses of which are all borne by the tobacco growers.

Surely it is not going too far in demanding that this additional burden shall not be saddled on the back of the tobacco grower.

RECORDS

The bill provides that all warehousemen shall keep books, records, and accounts, which shall fully disclose all transactions relating to the business of the warehouse, and the financial condition thereof, including the true ownership of such business, and that such records shall be open to the inspection of the Secretary of Agriculture or his duly authorized agents.

Is there anything wrong with this provision? Is not it right that the grower should know who is selling his tobacco? If the purchasers of tobacco, the great tobacco companies, are interested in the warehouse, or own the warehouse, is not the tobacco grower, who is the seller, entitled to this information? Is it going too far to provide the grower with information as to the financial responsibility of the warehouseman, who is his agent?

Moreover, because the warehouse system has come into being during the last 25 or 30 years without being under the direction of law, there is a great lack of uniformity in the method of keeping records. The Department of Agriculture is dependent upon the records kept by the warehousemen for valuable information, which it must in turn publish for the benefit of the tobacco grower. Is it unreasonable to ask that these records be kept in a proper manner?

BUYERS

The bill provides that the Secretary of Agriculture, if conditions warrant, may require all persons buying tobacco to first obtain a license; and makes it unlawful for any buyer to use any unfair, discriminatory, or deceptive practices in making his purchases; or for the buyer to conspire, combine, or agree or arrange with any other person, first, to apportion territory; second, to apportion purchases or sales of tobacco in commerce; and, third, to agree not to compete when tobacco is offered for sale.

These provisions are inserted to protect not only the growers but the warehousemen from the buyers.

There has been a feeling among the growers that the large buyers of tobacco have agreed in many cases to apportion territory; that is, the buyers get together and divide territory, with the understanding that there will be no competitive bidding in their respective territories. Many growers also believe that where more than one set of buyers are on a particular market, that in many cases they have a secret understanding to apportion purchases; that is, divide them up so that each will receive the poundage and grades desired. These practices certainly destroy competitive bidding, place the growers at the mercy of the large tobacco companies, and should be prohibited.

Moreover, everyone knows that the bully on every tobacco warehouse floor is the buyer. He dominates the board of trade and intimidates the warehouseman. In this connection let us for just a minute consider the position of the warehouseman; he is the farmer's selling agent, the farmer pays him a fee for his work, yet he is in such a position, under present warehouse conditions, that it is impossible for him to act independent of the buyers' wishes. We all know that the buyer is in a position to crucify any warehouseman and that the warehouseman is made to understand that fact.

WEIGHING TOBACCO

A great many evils have developed in connection with weighing tobacco. In some States there are no laws requiring the scales to be tested. In all States the tobacco grower is, more or less, at the mercy of the man operating the scales. And who is the man? I mean no disrespect when I tell you that he is a hireling of the warehouseman. He is selected by the warehouseman, paid by the warehouseman, and naturally if beholding to anyone is beholding to the man who furnishes his bread check. My feeling in the matter is that a weighman has a public responsibility and should be compelled to accept that responsibility. He should be a disinterested party of integrity and character beholding to neither buyer nor seller. Under our present system he may be a man of high character impressed with the public responsibility that is his, or he may be simply a hireling secured for the express purpose of certifying incorrect weights.

In some markets the usual practice is to set the scales up 5 pounds. In others 2 pounds. In other sections the custom has grown up to make all weights in multiples of five.

Now, what does the bill provide? Simply this: That no person shall weigh tobacco offered for sale in a warehouse without first receiving a Federal license; that before the warehouse is opened the scales shall be inspected and tested by a lawfully authorized inspector of weights and measures;

that after the warehouse opens the scales shall be tested for accuracy each day, which test shall be made by sealed weights; that each basket, container, or truck used in weighing shall be uniform in weight, within a maximum tolerance of 1 pound, and the weight clearly posted on each basket, container, and truck; that the weighman from time to time shall make a sworn report regarding the testing of the scales and the correctness of all weights made and certified by him; and that all tobacco delivered to a warehouse for sale shall be weighed at the time it is unloaded and a receipt given designating the true owner of the tobacco and the number of pounds.

If the warehousemen have been giving honest weights they should not object to this provision. If they have not been giving honest weights, isn't it right to compel them to do so? Surely no honest warehouseman can object to this section of the bill as going too far.

GRADING

One of the most important sections in the bill is the section providing that the Secretary of Agriculture may require tobacco offered for sale in any warehouse to be first inspected, graded, and classified by a grader in accordance with standards established by the Secretary. For this service the Secretary may cause to be collected a fee of 6 cents for each 100 pounds of tobacco sold.

What does this section mean? It simply means that all tobacco growers, rich and poor alike, will get what is justly coming to them out of their tobacco crop. Take for instance the small farmer who does not follow the market closely enough to know the prices of the different grades and does not know tobacco well enough to know the value of each grade, and there is no gainsaying the fact that under our present tobacco marketing system he is imposed upon. If he gets an honest grade the small expense of 6 cents per 100 pounds will only be a fraction of the benefits he will derive.

Now, it is common knowledge that tobacco of equal grades in the growers tobacco houses by some form of magic becomes of different grades on the warehouse floor. It is a matter also of common knowledge that the same tobacco if removed from the warehouse floor and then brought back, oftentimes changes its station and rank, in a few—very few—instances to a higher grade, but in most cases to a lower grade and at a considerable loss to the farmer. It is also common knowledge that the local influence of the grower has considerable weight in determining the grade of his tobacco.

Now, my friends, these things should not be; they are not right, and it is our duty to see that they are corrected, and in correcting them I do not believe we are going too far.

No one can object to this section who is willing to give his fellow man honest and just treatment.

In this connection I want to call attention to the fact that experiments carried on by the Department of Agriculture during the past 4 years with grading systems, partly subsidized and partly paid for by the growers, have convinced the Department that a unified, honest, and fair system of grading tobacco for sale should be established.

EXCESSIVE CHARGES

The bill provides that the Secretary of Agriculture shall from time to time make rules and regulations prescribing, among other things, the fees and commissions warehousemen shall charge for selling tobacco.

In some States the charges for selling tobacco are fixed by law. In others the question is left entirely to the warehousemen. Investigation shows that in some sections the charges for selling are 100 percent higher than in other sections. And, furthermore, I believe it is generally known that there has grown up a system of rebates and bonuses, which take many different forms, but all of which result in the small man being overcharged and the stronger and more favored undercharged.

Let me give you an example of these excessive charges. This is an actual case: A Virginia grower marketed his 1933 crop of 3,696 pounds and received therefor an average of 7.3 cents per pound, or, in dollars and cents, \$304.45. The ware-

house charges amounted to \$33.45, or 10.9 percent of the gross sale value. And this charge was made in spite of the Virginia law, section 1381 of the Virginia Code, which provides that the warehouseman shall only charge the grower 8 cents per hundred pounds. In other words, if the grower in this case had paid commissions according to the Virginia statute, he would have paid the warehouseman \$2.96, instead of \$33.45, for selling the tobacco. Think of the warehouseman actually boosting his commission 1,100 percent over the statutory law of his State.

Mr. Grower, did you know that under our present system of marketing tobacco that it costs about three times more to sell tobacco than any other basic farm product?

Certainly the tobacco growers should be protected against excessive charges and, as far as possible, a uniform system of charges set up and enforced by the Federal authorities. And certainly the vicious system of rebates and bonuses should be abolished and all growers treated alike.

No one who believes in doing the right thing can object to this provision in the bill, or be heard to cry that it is going too far.

SPECULATION

The bill provides that the warehouseman shall not be interested in any manner, financial or otherwise, in the purchase or resale of any tobacco brought in the warehouse operated by him, and further prohibits the warehouseman from speculating in or buying tobacco against orders. There is an exception in the bill permitting the warehouseman to buy and sell for the leaf account of the warehouse in order to protect the market in the sale of the farmer's tobacco.

Most of the warehousemen, I believe, operate on a legitimate basis. Acting as brokers, they do everything in their power to obtain fair prices for the farmers, and in many instances bid against unwilling buyers and take a loss on their leaf account in order to maintain reasonable prices on the market.

On the other hand, there are a great many instances in which warehousemen in collusion with pinhookers and speculators act in the dual capacity of selling agent and buyer. The warehouseman, as the agent of the grower, is paid to represent the grower, and has no right to speculate on the tobacco he receives a commission to sell. The practice is illegal, vicious, and works to the great detriment of the grower, and it is time we put a stop to such practice.

Why, only recently I was told that a certain warehouseman in Virginia admitted that last year he made \$30,000 speculating on the tobacco he received a commission to sell.

CONCLUSION

Under the new deal one of two things is going to happen: The present system of selling tobacco is going to be cleaned up as provided for in the bill I have introduced, or some similar bill, or the present system of selling tobacco is going to be destroyed. Mr. Warehouseman, I want you to get the force of that statement. In your might today you may consider the statement as only idle words, but mark what I say: Get behind this bill and help clean up the system, or defeat it and destroy your own business.

All of the growers I have heard from—and I have heard from thousands—are behind this bill. They need protection; and their agents, the warehousemen, should be in the forefront fighting for this bill in order to give them protection. And I want to say frankly that if this bill, or some similar bill that will protect the growers from the abuses of the present system, is not passed, then I am in favor of, and will fight for, some other tobacco marketing system that will insure the tobacco growers just and fair treatment in marketing their tobacco.

I know that some of the warehousemen entertain the views I have expressed, and I am glad to state that one of the warehousemen in my own district—Mr. Wells—is in sympathy with the bill.

The tobacco growers are entitled to share in the benefits of the new deal; and, by the Eternal, I am determined to see that they do.

Mr. Grower, I am waging this fight for you. It is your fight. We should win, because we are only asking for simple justice. If you want to help in this fight, and I know you do, then take the bill up immediately with your Congressman and Senators. Many of the warehousemen have been for weeks actively opposing this bill. They are organizing and are going to put up a determined fight. If we lose, it will be because the growers give up.

Mr. Grower, it is up to you.

MEETING AT 11 O'CLOCK

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next at 11 o'clock a.m.

The SPEAKER. Is there objection?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, the following leaves of absence were granted:

To Mr. BANKHEAD, indefinitely, on account of illness.

To Mr. KYALE (at the request of Mr. BOILEAU), for today, on account of illness.

SENATE BILLS REFERRED

Bills and a joint resolution of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 60. An act for the relief of Richard J. Rooney; to the Committee on Claims.

S. 101. An act for the relief of Robert Gray Fry, deceased; to the Committee on Military Affairs.

S. 232. An act conferring jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim of Elmer E. Miller; to the Committee on Claims.

S. 336. An act for the relief of Edward F. Gruver Co.; to the Committee on Claims.

S. 365. An act for relief of Archibald MacDonald; to the Committee on Claims.

S. 411. An act for the relief of the International Manufacturers' Sales Co. of America, Inc.; to the Committee on Claims.

S. 791. An act for the relief of Elmer Blair; to the Committee on Military Affairs.

S. 895. An act for the relief of Thomas J. Gardner; to the Committee on Military Affairs.

S. 1100. An act to require the furnishing of heat in living quarters in the District of Columbia; to the Committee on the District of Columbia.

S. 1361. An act for the relief of Obadiah Simpson; to the Committee on Military Affairs.

S. 1526. An act for the relief of Ann Engle; to the Committee on Claims.

S. 1574. An act to provide a government for American Samoa; to the Committee on Insular Affairs.

S. 1665. An act to provide for the establishment and maintenance, under the Bureau of Mines, of a research station at Salt Lake City, Utah; to the Committee on Mines and Mining.

S. 1758. An act for the relief of B. E. Dyson, former United States marshal, southern district of Florida; to the Committee on Claims.

S. 1810. An act to amend the act authorizing the issuance of the Spanish War Service Medal; to the Committee on Military Affairs.

S. 1901. An act for the relief of William A. Delaney; to the Committee on Claims.

S. 2026. An act providing for payment of \$25 to each enrolled Chippewa Indian of Minnesota from the funds standing to their credit in the Treasury of the United States; to the Committee on Indian Affairs.

S. 2266. An act to authorize the sale of a portion of the Fort Smith National Cemetery Reservation, Ark., and for other purposes; and

S. 2320. An act for the relief of the officers of the Russian Railway Service Corps, organized by the War Department under authority of the President of the United States for

service during the War with Germany; to the Committee on Military Affairs.

S. 2338. An act for the relief of Robert V. Rensch; and

S. 2467. An act for the relief of Ammon McClellan; to the Committee on Claims.

S. 2526. An act to pay an annuity to Frances Agramonte, the widow of Dr. Aristides Agramonte, member of the Yellow Fever Commission; to the Committee on Military Affairs.

S. 2580. An act to exempt from taxation certain property of the National Society United States Daughters of 1812 in the District of Columbia; to the Committee on the District of Columbia.

S. 2620. An act for the relief of N. W. Carrington and J. E. Mitchell; to the Committee on Claims.

S. 2629. An act establishing a fund for the propagation of salmon in the Columbia River district; to the Committee on Merchant Marine, Radio, and Fisheries.

S. 2647. An act prescribing the procedure and practice in condemnation proceedings brought by the United States of America, conferring plenary jurisdiction on the district courts of the United States to condemn and quiet title to land being acquired for public use, and for other purposes; to the Committee on the Judiciary.

S. 2664. An act for the relief of John F. Korbel; to the Committee on Claims.

S. 2677. An act for the relief of Samuel L. Wells; to the Committee on Claims.

S. 2709. An act for the relief of Trifune Korac; to the Committee on Claims.

S. 2811. An act to authorize the incorporated city of Juneau, Alaska, to issue bonds in any sum not exceeding \$100,000 for municipal public works, including regrading and paving of streets and sidewalks, installation of sewer and water pipe, construction of bridges, construction of concrete bulkheads, and construction of refuse incinerator; to the Committee on the Territories.

S. 2812. An act to authorize the incorporated city of Skagway, Alaska, to issue bonds in any sum not exceeding \$40,000, to be used for the construction, reconstruction, replacing, and installation of a water-distribution system; to the Committee on the Territories.

S. 2813. An act to authorize the incorporated town of Wrangell, Alaska, to issue bonds in any sum not exceeding \$47,000 for municipal public works, including enlargement, extension, construction, and reconstruction of water-supply system; extension, construction, and reconstruction of retaining wall and filling and paving streets and sidewalks; and extension, construction, and reconstruction of sewers in said town of Wrangell; to the Committee on the Territories.

S. 2850. An act to amend section 13 of the Federal Reserve Act; to the Committee on Banking and Currency.

S. 2876. An act to provide for the transfer of national-forest lands to the Zuni Reservation, N.Mex., exchanges, and consolidation of holdings; to the Committee on Indian Affairs.

S. 2901. An act to authorize the coinage of 50-cent pieces in commemoration of the one-hundredth anniversary of the admission of the State of Arkansas into the Union; to the Committee on Coinage, Weights, and Measures.

S. 2925. An act to amend the act entitled "An act to establish a Code of Law for the District of Columbia", approved March 3, 1901, and the acts amendatory thereof and supplemental thereto; to the Committee on the District of Columbia.

S. 2953. An act granting the consent of Congress to the Highway Department of the State of Tennessee to construct, maintain, and operate a free highway bridge across the Cumberland River at or near Carthage, Smith County, Tenn.; to the Committee on Interstate and Foreign Commerce.

S. 2966. An act to authorize the coinage of 50-cent pieces in commemoration of the three-hundredth anniversary of the founding of the Province of Maryland; to the Committee on Coinage, Weights, and Measures.

S.J.Res. 21. Joint resolution authorizing the erection in Washington, D.C., of a monument in memory of Col. Robert Ingersoll; to the Committee on the Library.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 5863. An act to prevent the loss of the title of the United States to lands in the Territories or Territorial possessions through adverse possession or prescription.

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 3067. An act granting the consent of Congress to the Louisiana Highway Commission to construct, maintain, and operate a bridge across the Mississippi River at or near Baton Rouge, La.

BILLS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President for his approval a joint resolution and bills of the House of the following titles:

H.J.Res. 207. Joint resolution requiring agricultural or other products to be shipped in vessels of the United States where the Reconstruction Finance Corporation or any other instrumentality of the Government finances the exporting of such products;

H.R. 257. An act to authorize full settlement for professional services rendered to an officer of the United States Army;

H.R. 6604. An act to establish the composition of the United States Navy with respect to the categories of vessels limited by the treaties signed at Washington, February 6, 1922, and at London, April 22, 1930, at the limits prescribed by those treaties; to authorize the construction of certain naval vessels; and for other purposes; and

H.R. 8573. An act to provide for the complete independence of the Philippine Islands, to provide for the adoption of a constitution and a form of government for the Philippine Islands, and for other purposes.

AIR MAIL

Mr. ROMJUE. Mr. Speaker, I call up the conference report on the bill H.R. 7966, to authorize the Postmaster General to accept and to use landing fields, men, and material of the War Department for carrying the mails by air, and for other purposes.

Mr. SNELL. I should like to ask the gentleman if there is anything controversial in the report?

Mr. ROMJUE. No; the Senate and the House conferees have come to an agreement.

Mr. SNELL. Have the other members of the committee been notified that the gentleman was going to call this up?

Mr. ROMJUE. I have not seen the other members today, but the understanding was that it would be called up as soon as it was ready.

Mr. SNELL. It seems to me that it ought not to be called up while so few Members are present at this late hour in the afternoon.

Mr. GOSS. I would like to ask the gentleman if this is the bill that includes the per diem pay for officers and enlisted men of the Air Corps?

Mr. ROMJUE. I do not think this is the bill the gentleman has in mind.

Mr. SNELL. I think the gentleman ought to allow it to go over until Monday.

Mrs. ROGERS of Massachusetts. Will the gentleman yield?

Mr. ROMJUE. I yield.

Mrs. ROGERS of Massachusetts. I introduced a resolution today asking that these per diems be paid. I suppose it will go to the Committee on Appropriations. The men are now living like hoboes. I shall ask for an immediate hearing.

Mr. SNELL. I think the gentleman ought to let this go over until Monday.

Mr. ROMJUE. Very well; I will let it go over. I do not wish to insist under the circumstances.

ADJOURNMENT

Mr. DOUGHTON. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 23 minutes p.m.) the House, under its previous order, adjourned until Monday, March 26, 1934, at 11 o'clock a.m.

COMMITTEE HEARING

COMMITTEE ON NAVAL AFFAIRS

(Monday, March 26, 10:30 a.m.)

Hearings in the committee room on S. 1103 and S. 1104, to authorize the Secretary of the Navy to proceed with certain public works at the naval air station, Pensacola, Fla.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

392. A message from the President of the United States, transmitting a report from the Secretary of State, recommending that legislation may be enacted to authorize an appropriation of not exceeding \$44,403.15 for the payment of interest on funds represented by drafts drawn on the Secretary of State by the American Embassy in Petrograd and the American Embassy in Constantinople and transfers which the Embassy at Constantinople undertook to make by cable communications to the Secretary of State between December 23, 1915, and April 21, 1917, in connection with the representation by the Embassy of the interests of certain foreign governments and their nationals; to the Committee on Claims.

393. A letter from the Secretary of the Treasury, transmitting draft of a proposed joint resolution to amend the Settlement of War Claims Act of 1928; to the Committee on Ways and Means.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. GREEN: Committee on the Territories. H.R. 6013. A bill to authorize the sale of land and houses at Anchorage, Alaska; without amendment (Rept. No. 1049). Referred to the Committee of the Whole House on the state of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. WELCH: A bill (H.R. 8818) to extend the benefits of the United States Public Health Service to fishermen, trapmen, net tenders, and other persons subject to the laws relating to American seamen; to the Committee on Merchant Marine, Radio, and Fisheries.

By Mr. PRALL: A bill (H.R. 8819) to amend legislation relating to the Reconstruction Finance Corporation; to provide for the introduction of its books and accounts in evidence; to exempt it from the filing of appeal bonds in the courts of the United States and to give the district courts original jurisdiction over its suits where the matter in controversy does not exceed \$3,000; to broaden its powers to facilitate exports and imports; to lengthen the period for which it may make or extend loans; to empower it to adjust its claims against railroads under certain circumstances; to empower it to extend credit to maintain and increase employment, to assist in the refinancing and reduction of existing commercial and industrial debt burdens, and to facilitate the extension of credit to small concerns through existing channels; to permit it to advance further funds to protect loans already made to irrigation, drainage, and levee districts, and for self-liquidating projects; to authorize it to purchase evidences of indebtedness of mutual-insurance

companies, and to permit increases in the compensation of officers and employees of insurance companies in which the corporation has subscribed preferred stock; and for other purposes; to the Committee on Banking and Currency.

By Mr. VINSON of Georgia: A bill (H.R. 8820) to amend section 1 of the act approved May 6, 1932 (47 Stat. 149, U.S.C., supp. VII, title 34, sec. 12); to the Committee on Naval Affairs.

By Mrs. ROGERS of Massachusetts: Joint resolution (H.J.Res. 306) making immediately available appropriations to pay Army air-mail pilots; to the Committee on Appropriations.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BEAM: A bill (H.R. 8821) for the relief of Martin J. Maguire; to the Committee on Military Affairs.

By Mr. GLOVER: A bill (H.R. 8822) for the relief of Sam D. Carson; to the Committee on the Post Office and Post Roads.

By Mr. GRAY: A bill (H.R. 8823) granting a pension to Dilla Underwood; to the Committee on Invalid Pensions.

By Mr. KNIFFIN: A bill (H.R. 8824) granting a pension to Clarence J. Ericson; to the Committee on Invalid Pensions.

By Mr. LAMBERTSON: A bill (H.R. 8825) conferring jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim of Elmer E. Miller; to the Committee on Claims.

By Mr. McREYNOLDS: A bill (H.R. 8826) for the relief of Minnie Admond; to the Committee on Claims.

By Mr. ROMJUE: A bill (H.R. 8827) granting a pension to Harry E. Duffield; to the Committee on Invalid Pensions.

By Mr. WHITE: A bill (H.R. 8828) for the relief of Dr. Leslie J. Stauffer; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3230. By Mrs. CLARKE of New York: Petition of the Woman's Home Missionary Society, Methodist Episcopal Church, Milford, N.Y., favoring early hearings and action on the Patman motion-picture bill (H.R. 6097); to the Committee on Interstate and Foreign Commerce.

3231. By Mr. ENGLEBRIGHT: Petition signed by 3,000 citizens of the Second Congressional District of California, with reference to interference of broadcasting of lawful programs to the public; to the Committee on Merchant Marine, Radio, and Fisheries.

3232. By Mr. FITZPATRICK: Petition of the Police Association, city of Yonkers, N.Y., urging 5-percent restoration of Federal salaries as of February 1 and restoration of 10 percent on July 1, 1934, and the elimination of payless furloughs; to the Committee on Appropriations.

3233. By Mr. FOCHT: Petition of various members of the Woman's Christian Temperance Union of McAlevys Fort and James Creek, Pa., endorsing House bill 6097, known as the "Patman motion-picture bill"; to the Committee on Interstate and Foreign Commerce.

3234. By Mr. LINDSAY: Petition of the Stag Laundry, Inc., Brooklyn, N.Y., urging defeat of the Wagner-Connelly bills; to the Committee on Labor.

3235. Also, telegram of Constantine Ronca, Brooklyn, N.Y., opposing the stock-exchange regulation bill in its present form; to the Committee on Interstate and Foreign Commerce.

3236. Also, petition of the Lobley Machine Works, Inc., Brooklyn, N.Y., protesting against the enactment of the Wagner-Connelly bills; to the Committee on Labor.

3237. Also, petition of the Sperry Products, Inc., Brooklyn, N.Y., opposing passage of the Wagner-Connelly bills; to the Committee on Labor.

3238. Also, petition of New York Typographical Union, No. 6, New York City, supporting the Connery 30-hour week bill; to the Committee on Labor.

3239. Also, petition of American Institute of Mining and Metallurgical Engineers, New York City, concerning the United States Bureau of Mines and the United States Geological Survey; to the Committee on Mines and Mining.

3240. Also, petition of the Greater New York-New Jersey Milk Institute, Inc., New York City, opposing the Connery bill (H.R. 8492); to the Committee on Labor.

3241. Also, telegram from the Standard Commercial Tobacco Co., Inc., New York City, opposing the passage of the Fletcher-Rayburn bill in its present form; to the Committee on Interstate and Foreign Commerce.

3242. Also, telegram from the Farr & Co., New York City, opposing passage of the Fletcher-Rayburn bill; to the Committee on Interstate and Foreign Commerce.

3243. Also, telegram from Cohen, Goldman & Co., New York City, concerning the stock-exchange securities bill; to the Committee on Interstate and Foreign Commerce.

3244. Also, petition of the Philadelphia Chamber of Commerce, Philadelphia, Pa., urging defeat of the Wagner-Connery bills (S. 2926 and H.R. 8423); to the Committee on Labor.

3245. Also, petition of the Chesapeake Steamship Co., Baltimore, Md., opposing the passage of House bill 7979; to the Committee on Merchant Marine, Radio, and Fisheries.

3246. Also, petition of F. Weidner Printing & Publishing Co., Brooklyn, N.Y., opposing the Wagner-Connery bills; to the Committee on Labor.

3247. Also, petition of Frederick Loeser & Co., Inc., Brooklyn, N.Y., protesting against the adoption of the Wagner-Connery bills (S. 2926 and H.R. 8423); to the Committee on Labor.

3248. Also, telegram from the Bakelite Corporation, New York City, opposing the Wagner-Connery bills; to the Committee on Labor.

3249. Also, petition of the Collins & Aikman Corporation, New York City, opposing the National Securities Exchange Act of 1934; to the Committee on Interstate and Foreign Commerce.

3250. Also, telegram from the New York Clothing Cutters Union, Local 4, A. C. W. of A., New York City, favoring the Wagner Labor Disputes Act; to the Committee on Labor.

3251. Also, petition of Benisch Bros., mausoleums and monuments, Brooklyn, N.Y., opposing the Wagner-Connery bills (S. 2926 and H.R. 8423); to the Committee on Labor.

3252. Also, petition of the Brooklyn Chamber of commerce, Brooklyn, N.Y., opposing House bill 8492; to the Committee on Labor.

3253. By Mr. McCORMACK: Memorial of the General Court of Massachusetts, urging the Congress and the President of the United States to exercise their powers drastically to limit the importation of refined sugar from insular possessions of the United States and from foreign countries, and further urging the adoption of the Walsh amendment to the Costigan bill; to the Committee on Agriculture.

3254. Also, memorial of the City Council of Lynn, Mass., urging the naming of one of the new battleships the U.S.S. *Lynn*; to the Committee on Naval Affairs.

3255. By Mr. RICH: Petition of the Workers Council of the Presbyterian Sunday School of Port Allegany, Pa., favoring House bill 6097; to the Committee on Interstate and Foreign Commerce.

3256. By Mr. RUDD: Petition of the Stag Laundry, Inc., Brooklyn, N.Y., urging defeat of the Wagner-Connery bills; to the Committee on Labor.

3257. Also, petition of Sperry Products, Inc., Manhattan Bridge Plaza, Brooklyn, N.Y., opposing passage of the Wagner-Connery bill; to the Committee on Labor.

3258. Also, petition of Charles B. Warren, New York City, opposing the passage of the Wagner Trade Disputes Act; to the Committee on Labor.

3259. Also, petition of the Brooklyn Chamber of Commerce, Brooklyn, N.Y., opposing the Connery bill (H.R. 8492); to the Committee on Labor.

3260. Also, petition of the Greater New York-New Jersey Milk Institute, Inc., New York City, opposing the enactment of the Connery bill (H.R. 8492); to the Committee on Labor.

3261. Also, petition of New York Typographical Union, No. 6, New York City, favoring the enactment of the Connery 30-hour-week bill; to the Committee on Labor.

3262. Also, petition of the Philadelphia Chamber of Commerce, Philadelphia, Pa., opposing the passage of the Wagner-Connery bills; to the Committee on Labor.

3263. Also, petition of the American Institute of Mining and Metallurgical Engineers, New York City, relating to the United States Bureau of Mines and the United States Geological Survey; to the Committee on Mines and Mining.

3264. Also, petition of Standard Commercial Tobacco Co., Inc., New York City, opposing the passage of the Fletcher-Rayburn stock-exchange control bills; to the Committee on Interstate and Foreign Commerce.

3265. Also, petition of Cohen Goldman & Co., New York City, opposing the passage of the stock-exchange control bills; to the Committee on Interstate and Foreign Commerce.

3266. Also, petition of Farr & Co., 90 Wall Street, New York City, opposing the passage of the Fletcher-Rayburn stock-control bill; to the Committee on Interstate and Foreign Commerce.

3267. Also, petition of Frederick Loeser & Co., Brooklyn, N.Y., opposing the passage of the Wagner-Connery bills; to the Committee on Labor.

3268. Also, petition of Benisch Bros., Brooklyn, N.Y., opposing the Wagner-Connery bills; to the Committee on Labor.

3269. By Mr. STOKES: Petition in the nature of a resolution of the Pennsylvania State Fish and Game Protective Association, consisting of 396 members, that where our industry pollutes water, and where practicable methods of treatment or disposal of those polluting wastes are known, that such industry be required as a part of its code to install and operate such treatment plant, and that where practicable methods for the wastes of any particular industry may at present be established or utilized for research to the end that proper methods may be developed for the treatment of all water; to the Committee on Merchant Marine, Radio, and Fisheries.

3270. By Mr. WOLCOTT: Petition of Mason L. Fish and 2,297 others, petitioning the Congress to take such action as is necessary to restore all benefits as of March 19, 1933, to disabled veterans with service-connected disabilities; to the Committee on Appropriations.

3271. Also, petition of Edward F. Jahr, of Sebewaing, Mich., and 27 others, urging amendment to House bill 7147 to include fresh water fisheries of the Great Lakes; also urging the passage of House bill 7419 to prohibit the importation of fish and fish products; to the Committee on Merchant Marine, Radio, and Fisheries.

3272. By Mr. BEITER: Petition of Woman's Home and Foreign Missionary Society, Buffalo, N.Y., urging hearings and favorable consideration of the Patman motion-picture bill (H.R. 6097); to the Committee on Interstate and Foreign Commerce.

3273. By the SPEAKER: Petition of W. Deppe regarding persecution of certain judges in Federal courts and certain industrial pirates; to the Committee on the Judiciary.

SENATE

MONDAY, MARCH 26, 1934

(Legislative day of Tuesday, Mar. 20, 1934)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, returned to the Senate, in compliance with its request, the bill (S. 1699) to prevent the loss of the title of the United States to lands in the Territories or Territorial possessions through adverse possession or prescription.